

**Actuarial Services
RFP 08-06
Responses to Inquiries**

1. Are there any issues of special concern to the Board at this time?
 - No.
2. Are recent valuation reports and other actuarial studies performed by PERF's current actuary available?
 - The most recent actuarial valuation reports for each plan are included in this document as attachments.
3. Benefits are based on the highest 20 quarterly pays. Is the pay data provided by quarter for each member?
 - Census information is based on annual data as of June 30th. Quarterly pay data has not been provided to the actuary in the past.
4. What percentage of the total fees does the retainer service represent?
 - The retainer service represents 68% and 70% of total fees, respectively over the past two years.
5. Are the annual valuation results presented at one time for all plans? What about the 1977 Fund that has a January plan year versus the other plans that have a July plan year?
 - Currently, annual actuarial results and recommended future contribution rates for all plans, including the 1977 Fund, are presented to the Board each December for approval. The effective date for the approved contribution rates varies depending on whether it is a State employer or a Political Subdivision.
6. Given there are 6 DB plans, 2 death benefit plans, and 1 relief fund, is the census data all sent in together or is it sent separately by plan?
 - Historically, census data has been sent to the actuary separately by plan. Separate files have also been sent, by plan, for members not receiving benefits and members who are in pay status as of June 30th.
7. How does a bidder establish the adequacy of "vendor participation" to suffice for the Minority and Women Business Enterprise RFP requirement? For example, if a firm has \$50 million in current contracts with one or a collection of M/WBE(s), what would the value of the contract need to be so that the \$50 million figure satisfies the 7% contracting proportional requirement?
 - The 7% target is relevant to the total costs of services provided under this contract.
8. The RFP indicates that the following services are included in the annual retainer services. Please describe or provide a sample deliverable for each service: Long-term analysis of PERF's asset growth and Perform an analysis of actuarial assumptions for all funds administered by PERF.
 - PERF would anticipate that the actuary would provide funding projections or other relative funding information as part of the annual valuation and recommendation of contribution rates. PERF also requires that an actuarial experience study be performed for each plan every 5 years to validate current assumptions and/or recommend new ones.

9. Are questions 10 and 18 of Exhibit E - Questionnaire, seeking different information?
- For Question 10, PERF encourages firms to provide details and recommendations on how they would anticipate the annual valuation process be conducted, with any specific reference to conversion year processes if applicable. Question 18 is asking for a greater level of detail and anticipated timeframe for converting from PERF's current actuary.
10. For the firms that are asked to make presentations, how much time will be allotted for each presentation?
- There has been no set allotment of time for presentations at this point. However, PERF will give equal and ample time for firms to make adequate presentations and address any questions related to the RFP.
11. Is record scanning and indexing required as part of the overall solution?
- No.
12. Does the board regularly see projections of future costs under various economic scenarios – varying investment performance, various contribution strategies, etc.?
- No.
13. When will the next experience study need to be performed (Exhibit A, Supplemental Deliverables #1)?
- Experience studies must be performed for each plan at least once every 5 years. The last experience study was performed for time period of 2000 – 2005. There is not an experience study scheduled to be performed before the awarding of this RFP is anticipated to be finalized. PERF encourages respondents to detail their plans and recommendations as it relates to performing these studies for PERF as they see fit.
14. In the next experience study, is mortality experience really examined or should various standard tables be recommended with the associated liability impacts of each?
- PERF's Board adopts mortality tables based on the recommendation of their actuary as a result of experience studies or other actuarial investigation that is performed. PERF encourages respondents to detail their plans and recommendations as it relates to performing these studies for PERF as they see fit.
15. Further clarify what is meant by “other authenticated electronic transmissions” on page 19.
- Email.
16. Can additional detail be provided regarding what is being requested under this requirement? (Exhibit A, Scope of Services, page 17, item 17)
- If requested, PERF would like the ability to receive a copy or evidence of an actuarial peer or third-party review of their valuation techniques.
17. Please confirm that this requirement only relates to pension related disclosures and that disclosures for non-pension related benefits, such as post-retirement health benefits covered under GASB 43 and / or 45 are outside the scope of retained services. (Exhibit A, Scope of Services, page 16, item 5)
- PERF's actuary would only be responsible for computing the disclosure information relating to pension benefits for all funds.

18. How many times per year are valuations necessary for employers wanting to join the plan (Exhibit A, #4)?

- New employers are allowed to join PERF, upon Board approval, twice a year: January 1st and July 1st. PERF's actuary would be responsible for valuing and calculating the initial employer contribution rate for each new employer.

19. What is the expected annual volume of valuations to be performed for employers wishing to enter PERF or expand their coverage? Can the fee quote for this service be structured as a per valuation fixed fee? (Exhibit A, Scope of Services, page 16, item 4)

- Performing a valuation for an enlargements/expansion of coverage is extremely rare. Only when an employer elects to pick up past service over a set number of years (recommended by the actuary) is a valuation performed for an enlargement. Valuations are always performed for new employers. Below is a summary of the number of new employers and enlargements over the past few years:

Effective Date:	# of New ER's (Valuations required for each)	Avg. Size of New ER (EE's)	# of Enlargements (Valuations performed)	Avg. Size of Enlargement (EE's)
7/1/2008	6	1.8	19 (1)	1.7
1/1/2008	10	4.9	32 (2)	2.1
7/1/2007	4	2.3	33 (5)	1.8
1/1/2007	5	3.2	29 (2)	1.6

20. What is meant by "unreasonable limit of liability?" What limit might be considered reasonable?

- Unreasonably limiting liability would be attempting to limit liability at a level lower than industry standard or as required by applicable federal and state law.

PUBLIC EMPLOYEES'
RETIREMENT FUND OF INDIANA
ACTUARIAL VALUATION
JULY 1, 2007

PUBLIC EMPLOYEES'
RETIREMENT FUND OF INDIANA

ACTUARIAL VALUATION

VALUATION DATE

July 1, 2007

VALUATION YEAR

July 1, 2007 - June 30, 2008

June 27, 2008 (I418)

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PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

Summary of Actuarial Valuation as of July 1, 2007

Introduction

As of the valuation date there were \$138,863 active members, 60,332 pensioners and 14,789 terminated members entitled to future benefits. See the exhibit labeled Summary of Employee Data for a breakdown of the members between state employees and employees of political subdivisions.

We have established the following contributions as of July 1, 2007:

	<u>State</u>	<u>Political Subdivisions</u>	<u>Total</u>
Total Annual Cost	\$ 99,134,676	\$ 191,487,392	\$ 290,622,068
Cost as Percentage of Anticipated Payroll (Interest adjusted to mid-year)	6.3%	7.1%	6.6%

Beginning with the 2007 valuation, smoothing rules have been applied to the State employer contribution rate to help reduce wide variations in the employer contribution rates from year to year. These smoothing rules are also applied to individual political subdivisions participating in PERF.

This report reflects the plan provisions in effect as of July 1, 2007. Refer to the exhibit titled Summary of Major Plan Provisions for a brief description of benefits provided by this plan.

Prior to smoothing, the Total Annual Cost is composed of employer normal cost of \$267,642,927 and an amortization payment of \$17,041,115. As of July 1, 2007, the Unfunded Actuarial Accrued Liability is \$218,863,969. A breakdown and a comparison with the results of the prior valuation are provided in the exhibits titled Contribution Breakdown and Comparison.

Prior to smoothing, the Total Annual Cost for 2007, as a percent of anticipated payroll increased to 6.727% as compared to 6.670% for 2006. The Fund had experience gains from investments yielding more than the assumed 7.25% (estimated return for the 2006 plan year was 10.37% on an actuarial value basis). These gains were offset by the change in the actuarial assumption regarding retirement rates and other miscellaneous items. In terms of actual dollars and prior to smoothing, the Total Annual Cost increased by \$6,494,239 from \$278,189,803 for the 2006 plan year to \$284,684,042 for the 2007 plan year.

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Introduction, Continued

Actuarial Methods and Assumptions

The Entry Age Normal Cost Method was continued for determining the cost of retirement benefits, death benefits, disability benefits, and termination benefits. Valuation assets continue to be developed on an actuarial basis.

The actuarial assumptions used in this Valuation have been revised from the prior Valuation. The retirement rates were increased to reflect actual recent retirement experience. The actuarial assumptions, as revised, are deemed to be representative of actual and anticipated experience under the plan.

A brief explanation of the methods and a complete summary of the assumptions used may be found in the exhibits titled Actuarial Methods and Actuarial Assumptions.

Valuation Data and Disclaimer

The valuation census data was provided by the Public Employees' Retirement Fund and transposed into a computer file for processing. Similar information has been furnished to us in the past, and the accuracy of this report depends on the accuracy of all data that has been furnished to us from time to time. Trust information was also furnished by the Public Employees' Retirement Fund. It is noted that we make no representation concerning the accuracy of any employee data or valuation information that has been furnished to us.

The Valuation has been prepared for the sole purpose of determining the contribution requirements for the respective plan year and for providing accounting data to meet the requirements of GASB #25 and #27. The figures in this Valuation should not be used as the basis for any other purpose for which it was not designed.

Summary of Trust Experience

On an actuarial basis, the entire asset portfolio had net investment income for the 2006-2007 plan year that resulted in an estimated yield of 10.37%. The approximate market basis return during the same time period was 17.74%. See the exhibit labeled Ten Year Historical Investment Experience for more detail.

We will be pleased to furnish any additional information or answer any questions which may arise after your review of this report.

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

ACTUARIAL CERTIFICATION

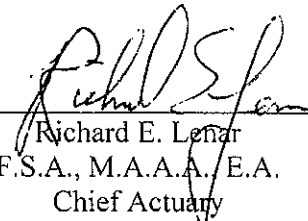
The information and valuation results shown in this report are, to the best of my knowledge, complete and accurate and are based upon:

1. Employee census data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
2. Financial data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions which were chosen by the PERF Board after consultation with the actuary.
4. Generally accepted actuarial principles and in accordance with standards of practice prescribed by the Actuarial Standards Board.
5. Actuarial methods as stated in the report and our interpretation of plan provisions as summarized in the report.

Prepared and Submitted by
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PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

SUMMARY OF CONTRIBUTIONS

	July 1, 2006		
	State**	Political Subdivisions	Total
TOTAL ANNUAL COST	\$ 99,134,676	\$ 191,487,392	\$ 290,622,068
COST AS PERCENTAGE OF ANTICIPATED PAYROLL*	6.30%	7.06%	6.63%

*Interest adjusted for mid-year contribution

****Smoothing rules:**

1. Any increase or decrease between the current year's true rate and the previous year's actual rate shall be limited to one-half the increase or decrease rounded up to the next 0.25% multiple.
2. After the smoothing described above, any decrease in the employer rate shall be equal to the excess, if any, of the decrease over 1%.

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

DEVELOPMENT OF FUNDED STATUS

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Total Actuarial Accrued Liability	\$ 11,450,928,351	\$ 12,439,798,183
Minus: Total Actuarial Assets	<u>11,177,971,455</u>	<u>12,220,934,214</u>
Equals: Unfunded Actuarial Accrued Liability	\$ 272,956,896	\$ 218,863,969
Funded Status	97.6%	98.2%

CHANGE IN UNFUNDED ACTUARIAL ACCRUED LIABILITY

	<u>2005 - 2006</u>	<u>2006 - 2007</u>
Unfunded Actuarial Accrued Liability, Prior Year	\$ 386,384,977	\$ 272,956,896
Asset Experience (Gain) or Loss	\$ (62,751,167)	\$ (347,159,754)
Plus: Liability Experience (Gain) or Loss	(32,257,303)	124,812,545
Plus: Additional Liability Due to Change in Actuarial Assumptions	(14,682,518)	171,016,502
Plus: Additional Liability Due to Change in Plan Provisions	-	-
Plus: Amortization of Existing Bases	<u>(3,737,093)</u>	<u>(2,762,220)</u>
Equals: Change in Unfunded Actuarial Accrued Liability	\$ (113,428,081)	\$ (54,092,927)
Unfunded Actuarial Accrued Liability, Current Year	\$ 272,956,896	\$ 218,863,969

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

CONTRIBUTION BREAKDOWN AND COMPARISON

	July 1, 2007		
	State	Political Subdivisions	Total
TOTAL ANNUAL COST			
Employer Normal Cost	\$ 94,396,107	\$ 173,246,820	\$ 267,642,927
Amortization of Unfunded Actuarial Liability	(1,199,457)	18,240,572	17,041,115
Total	\$ 93,196,650	\$ 191,487,392	\$ 284,684,042
ANTICIPATED PAYROLL	\$ 1,573,566,285	\$ 2,812,109,584	\$ 4,385,675,869
TOTAL ANNUAL COST AS % OF ANTICIPATED PAYROLL (Interest Adjusted for Mid-Year Contribution)	6.137%	7.056%	6.727%

DEVELOPMENT OF UNFUNDED ACTUARIAL LIABILITY

	July 1, 2007		
	State	Political Subdivisions	Total
Actuarial Accrued Liability			
- Active Members	\$ 2,140,761,696	\$ 3,184,460,584	\$ 5,325,222,280
- Terminated Members	194,320,140	205,690,335	400,010,475
Total	\$ 2,335,081,836	\$ 3,390,150,919	\$ 5,725,232,755
Less: Non-Retired Member Assets	2,350,652,206	3,155,716,580	5,506,368,786
Equals: Actual Unfunded Actuarial Accrued Liability (UAAL)	\$ (15,570,370)	\$ 234,434,339	\$ 218,863,969
Unfunded Actuarial Accrued Liability, Prior Year	\$ 40,757,268	\$ 232,199,628	\$ 272,956,896
Less: Amortization of Unfunded Actuarial Liability, Prior Year	3,139,720	17,887,408	21,027,128
Plus: Interest for Full Year at 7.25%	2,727,272	15,537,636	18,264,908
Equals: Expected UAAL	\$ 40,344,820	\$ 229,849,856	\$ 270,194,676
Plus: Increase (Decrease) Due to Change in Actuarial Assumptions	72,553,863	98,462,639	171,016,502
Plus: Increase (Decrease) Due to Change in Plan Provisions	-	-	-
Equals: Expected (UAAL)	\$ 112,898,683	\$ 328,312,495	\$ 441,211,178
Experience (Gain)/Loss [Actual UAAL-Expected UAAL]	\$ (128,469,053)	\$ (93,878,156)	\$ (222,347,209)

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PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

CONTRIBUTION BREAKDOWN AND COMPARISON

	July 1, 2006		
	<u>State</u>	<u>Political Subdivisions</u>	<u>Total</u>
TOTAL ANNUAL COST			
Employer Normal Cost	\$ 93,290,438	\$ 163,872,237	\$ 257,162,675
Amortization of Unfunded Actuarial Liability	<u>3,139,720</u>	<u>17,887,408</u>	<u>21,027,128</u>
Total	\$ 96,430,158	\$ 181,759,645	\$ 278,189,803
ANTICIPATED PAYROLL	\$ 1,592,207,236	\$ 2,729,972,613.	\$ 4,322,179,849
TOTAL ANNUAL COST AS % OF ANTICIPATED PAYROLL (Interest Adjusted for Mid-Year Contribution)	6.276%	6.899%	6.670%

DEVELOPMENT OF UNFUNDED ACTUARIAL LIABILITY

	July 1, 2006		
	<u>State</u>	<u>Political Subdivisions</u>	<u>Total</u>
Actuarial Accrued Liability			
- Active Members	\$ 2,054,230,846	\$ 2,933,262,619	\$ 4,987,493,465
- Terminated Members	<u>156,145,833</u>	<u>142,541,686</u>	<u>298,687,519</u>
Total	\$ 2,210,376,679	\$ 3,075,804,305	\$ 5,286,180,984
Less: Non-Retired Member Assets	<u>2,169,619,411</u>	<u>2,843,604,677</u>	<u>5,013,224,088</u>
Equals: Actual Unfunded Actuarial Accrued Liability (UAAL)	\$ 40,757,268	\$ 232,199,628	\$ 272,956,896

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS
FOR NON-RETIRED MEMBERS

	July 1, 2007		
	State	Political Subdivisions	Total
Vested Benefits			
- Active Members	\$ 1,329,379,000	\$ 1,840,804,849	\$ 3,170,183,849
- Terminated Members	194,320,140	205,690,335	400,010,475
Total	\$ 1,523,699,140	\$ 2,046,495,184	\$ 3,570,194,324
Nonvested Benefits	164,539,059	320,815,943	485,355,002
Total Non-Retired Actuarial Present Value of Accumulated Plan Benefits	\$ 1,688,238,199	\$ 2,367,311,127	\$ 4,055,549,326
Non-Retired Member Assets			
- Market Value	\$ 2,795,256,558	\$ 3,752,591,491	\$ 6,547,848,049
- Actuarial Value	2,350,652,206	3,155,716,580	5,506,368,786
Ratio of Assets to the Present Value of Vested Accumulated Plan Benefits			
- Market Value	1.835	1.834	1.834
- Actuarial Value	1.543	1.542	1.542
Ratio of Assets to the Present Value of Total Accumulated Plan Benefits			
- Market Value	1.656	1.585	1.615
- Actuarial Value	1.392	1.333	1.358

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS
FOR NON-RETIRED MEMBERS

	July 1, 2006		
	State	Political Subdivisions	Total
Vested Benefits			
- Active Members	\$ 1,205,705,373	\$ 1,599,079,233	\$ 2,804,784,606
- Terminated Members	156,145,833	142,541,686	298,687,519
Total	\$ 1,361,851,206	\$ 1,741,620,919	\$ 3,103,472,125
Nonvested Benefits	168,906,233	311,301,039	480,207,262
Total Non-Retired Actuarial Present Value of Accumulated Plan Benefits	\$ 1,530,757,429	\$ 2,052,921,958	\$ 3,583,679,387
Non-Retired Member Assets			
- Market Value	\$ 2,251,091,622	\$ 2,950,385,968	\$ 5,201,477,590
- Actuarial Value	2,169,619,411	2,843,604,677	5,013,224,088
Ratio of Assets to the Present Value of Vested Accumulated Plan Benefits			
- Market Value	1.653	1.694	1.676
- Actuarial Value	1.593	1.633	1.615
Ratio of Assets to the Present Value of Total Accumulated Plan Benefits			
- Market Value	1.471	1.437	1.451
- Actuarial Value	1.417	1.385	1.399

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

STATEMENT OF CHANGES IN THE PRESENT VALUE OF ACCUMULATED PLAN BENEFITS
FOR NON-RETIRED MEMBERS

Actuarial Present Value of Accumulated Plan Benefits, July 1, 2006	\$ 3,583,679,387
Plus: Increase Due to Additional Benefits Accumulated	295,688,408
Less: Transfers to Retired and Disabled Status	576,991,502
Plus: Increase Due to Decrease in the Discount Period (@7.25%)	281,254,165
Plus: Increase Due to Change in Plan Provisions	-
Plus: Increase (Decrease) Due to Change in Actuarial Assumptions	257,390,234
Plus: Actuarial Experience (Gain)/Loss and other Miscellaneous Items	<u>214,528,634</u>
Equals: Actuarial Present Value of Accumulated Plan Benefits, July 1, 2007	\$ 4,055,549,326

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

STATEMENT OF INCOME

July 1, 2006 - June 30, 2007

		<u>Market Value</u>
(1)	Net Value of Assets Available for Benefits, July 1, 2006	\$11,366,224,957
(2)	Receipts	
	Employer Contributions:	
	State	\$ 91,910,695
	Political Subdivisions	167,909,014
	Member Contributions:	
	State	\$ 51,000,378
	Political Subdivisions	96,738,319
	Investment Income and Dividends Net of Fees	147,738,697
	Security Lending Income Net of Fees	2,170,959,490
	Transfers In	-
	Miscellaneous Income	2,988,770
		<hr/>
	Total Receipts	\$ 2,581,506,666
(3)	Disbursements	
	Benefits Paid During the Year	\$ 466,008,762
	Refund of Contributions and Interest	48,334,477
	Administrative Expenses	164,179,968
	Transfers Out	6,794,939
	Miscellaneous Disbursements	<hr/>
	Total Disbursements	\$ 685,318,146
(4)	Net Value of Assets Available for Benefits, June 30, 2007 (1) + (2) - (3)	\$13,262,413,477

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Actuarial Value, Prior June 30	\$ 10,471,937,382	\$ 11,177,971,455
<u>Receipts</u>		
Employer Contributions Made During the Year	230,357,341	259,819,709
Member Contributions Made During the Year	145,750,597	147,738,697
Miscellaneous Income – Not Investment Related	1,495,472	2,988,770
Expected Investment Income (@ 7.25%) - Beginning Value	759,215,460	810,402,930
Expected Investment Income (@ 7.25%) - Contributions	<u>13,688,124</u>	<u>14,882,335</u>
Total	\$ 1,150,506,994	\$ 1,235,832,441
<u>Disbursements</u>		
Benefits Paid During the Year	418,567,098	\$ 466,008,762
Refund of Contributions and Interest	65,803,760	48,334,477
Miscellaneous Expenses – Not Investment Related	5,109,565	6,794,939
Expected Investment Expenses (@ 7.25%) - Disbursements	<u>17,743,665</u>	<u>18,891,259</u>
Total	\$ 507,224,088	\$ 540,029,437
Expected Actuarial Value, Current June 30	\$ 11,115,220,288	\$ 11,873,774,459
Actual Market Value, Current June 30	\$ 11,366,224,957	\$ 13,262,413,477
Actuarial Value, Current June 30 [75% of Expected Actuarial Value] + [25% of Actual Market Value]	\$ 11,177,971,455	\$ 12,220,934,214

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

ALLOCATION OF ASSETS

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Total Assets Available for Benefits		
- Market Value	\$ 11,366,224,957	\$ 13,262,413,477
- Actuarial Value	11,177,971,455	12,220,934,214
Less: Annuity Savings Account	\$ 2,515,983,510	\$ 2,707,176,269
Less: Retired and Disabled	\$ 3,648,763,857	\$ 4,007,389,159
Equals: Total Non-Retired Assets		
- Market Value	\$ 5,201,477,590	\$ 6,547,848,049
- Actuarial Value	5,013,224,088	5,506,368,786
Total Ledger Assets	\$ 5,439,735,168	\$ 6,769,495,765
- State Share of Total	\$ 2,354,204,551	\$ 2,889,877,271
- State Percent of Total	43.277926%	42.689698%
- Political Subdivisions Share of Total	\$ 3,085,530,617	\$ 3,879,618,494
- Political Subdivisions Percent of Total	56.722074%	57.310302%
State Portion (Based on Ledger Share)		
- Market Value	\$ 2,251,091,622	\$ 2,795,256,558
- Actuarial Value	2,169,619,411	2,350,652,206
Political Subdivisions Portion (Based on Ledger Share)		
- Market Value	\$ 2,950,385,968	\$ 3,752,591,491
- Actuarial Value	2,843,604,677	3,155,716,580

Each year the assets of the plan are allocated first to the Annuity Savings Account and second to retired and disabled lives. Residual assets are then allocated to non-retired members to determine necessary contribution levels for non-retired members.

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA
REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27
(State Members Only)

Schedule of Funding Progress

Actuarial Valuation Date July 1	(a) Non-Retired Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	(d) Annual Covered Payroll	UAAL (Excess Assets) As % of Payroll (c)/(d)
1998	\$ 1,626,450,185	\$ 1,491,985,623	\$ (134,464,562)	109.0%	\$ 1,229,903,410	(10.9%)
1999	1,828,584,443	1,583,485,563	(245,098,880)	115.5%	1,271,755,859	(19.3%)
2000	1,960,018,018	1,701,091,436	(258,926,582)	115.2%	1,371,496,425	(18.9%)
2001*	2,063,626,964	1,896,505,744	(167,121,220)	108.8%	1,429,768,169	(11.7%)
2002*	2,061,789,940	2,010,177,846	(51,612,094)	102.6%	1,475,076,791	(3.5%)
2003*	2,078,952,509	1,860,101,326	(218,851,183)	111.8%	1,491,661,265	(14.7%)
2004*	2,138,655,367	2,019,492,456	(119,162,911)	105.9%	1,612,048,954	(7.4%)
2005*	2,145,805,051	2,189,336,721	43,531,670	98.0%	1,645,247,889	2.6%
2006*	2,169,619,411	2,210,376,679	40,757,268	98.2%	1,592,207,236	2.6%
2007*	2,350,652,206	2,335,081,836	(15,570,370)	100.7%	1,573,566,285	(1.0%)

Schedule of Employer Contributions

Plan Year Ending June 30	Annual Required Contribution (ARC)	Actual Employer Contribution	% of ARC Contributed
1998	\$ 81,545,985	\$ 80,145,933	98.3%
1999	67,481,016	77,821,378	115.3%
2000	61,761,627	84,353,750	136.6%
2001	66,559,482	76,218,663	114.5%
2002	72,332,921	77,420,077	107.0%
2003	79,641,040	80,795,703	101.4%
2004	54,579,389	90,708,898	166.2%
2005	69,647,405	62,759,547	90.1%
2006	87,947,466	72,890,131	82.9%
2007	96,430,158	89,800,510	93.1%

*Plan changes and/or changes in actuarial assumptions.

June 27, 2008 (1418)

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27
(State Employees Only)

Development of Net Pension Obligation (NPO)
(Dollar Amounts in Thousands)

Year Beginning	(1) Annual Required Contrib	(2) Interest on NPO @ 7.25%	(3) ARC Adjust (8) / (4)	(4) Amort. Factor	(5) Net Pens Cost (1)+(2)-(3)	(6) Actual Employer Contrib	(7) Change in NPO (5) - (6)	(8) NPO @ BOY	(9) NPO @ EOY (7) + (8)
7/1/96	\$ 79,101	-	-	12.5944	\$ 79,101	\$ 81,585	\$ (2,484)	-	\$ (2,484)
7/1/97	81,546	\$ (180)	\$ (192)	12.9541	81,558	80,146	1,412	\$ (2,484)	(1,072)
7/1/98	67,481	(78)	(83)	12.8933	67,486	77,821	(10,335)	(1,072)	(11,407)
7/1/99	61,762	(827)	(889)	12.8280	61,824	84,354	(22,530)	(11,407)	(33,937)
7/1/00	66,559	(2,460)	(2,660)	12.7581	66,759	76,219	(9,460)	(33,937)	(43,397)
7/1/01	72,333	(3,146)	(3,422)	12.6830	72,609	76,304	(3,695)	(43,397)	(47,092)
7/1/02	79,641	(3,414)	(3,891)	12.1037	80,118	80,796	(678)	(47,092)	(47,770)
7/1/03	54,579	(3,463)	(3,947)	12.1037	55,063	90,709	(35,646)	(47,770)	(83,416)
7/1/04	69,647	(6,102)	(6,953)	12.1037	70,498	62,760	7,738	(84,159)*	(76,421)
7/1/05	87,947	(5,541)	(6,314)	12.1037	88,720	72,890	15,830	(76,421)	(60,591)
7/1/06	96,430	(4,393)	(5,006)	12.1037	97,043	89,801	7,243	(60,591)	(53,348)

* A negative \$743 thousand was included to represent the addition of the Toll Road Commission to the State account.

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA
REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27
(All PERF)

Schedule of Funding Progress

Actuarial Valuation Date July 1	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(c) Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a)/(b)	(d) Annual Anticipated Payroll	UAAL (Excess Assets) As % of Payroll (c)/(d)
1998	\$ 6,914,956,789	\$ 6,630,150,847	\$ (284,805,942)	104.3%	\$ 3,110,162,069	(9.2%)
1999	7,595,266,028	7,075,980,504	(519,285,524)	107.3%	3,250,197,264	(16.0%)
2000	8,267,656,599	7,699,885,278	(567,771,321)	107.4%	3,482,453,418	(16.3%)
2001*	8,723,303,892	8,305,671,786	(417,632,106)	105.0%	3,587,079,638	(11.6%)
2002*	8,994,853,508	9,066,131,687	71,278,179	99.2%	3,785,241,807	1.9%
2003*	9,293,952,006	9,034,573,225	(259,378,781)	102.9%	3,952,229,523	(6.6%)
2004*	9,853,976,178	9,844,353,064	(9,623,114)	100.1%	4,198,941,906	(0.2%)
2005*	10,471,937,382	10,858,322,359	386,384,977	96.4%	4,318,450,314	8.9%
2006*	11,177,971,455	11,450,928,351	272,956,896	97.6%	4,322,179,849	6.3%
2007*	12,220,934,214	12,439,798,183	218,863,969	98.2%	4,385,675,869	5.0%

Schedule of Employer Contributions

<u>Plan Year Ending June 30</u>	<u>Annual Required Contribution (ARC)</u>	<u>Actual Employer Contribution</u>	<u>% of ARC Contributed</u>
1999	\$ 167,423,510	\$ 203,054,459	121.3%
2000	159,721,746	216,708,616	135.7%
2001	169,373,865	187,758,669	110.9%
2002	175,819,543	208,020,151	118.3%
2003	217,076,848	213,370,551	98.3%
2004	166,574,712	234,918,374	141.0%
2005	202,630,615	206,323,040	101.8%
2006	249,669,105	230,357,341	92.3%
2007	278,189,803	253,854,486	91.3%

*Plan changes and/or changes in actuarial assumptions

June 27, 2008 (1418)

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

SUMMARY OF EMPLOYEE DATA

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Active Members		
State	47,621	45,465
Political Subdivisions	<u>92,942</u>	<u>93,398</u>
Total	140,563	138,863
Retired Members and Beneficiaries Receiving Benefits	54,040	55,960
Annual Benefits Payable from Trust	\$ 355,485,118	\$ 390,434,248
Average Annual Benefit	\$ 6,578	\$ 6,977
Disabled Members Receiving Benefits	4,243	4,372
Annual Benefits Payable from Trust	\$ 22,125,496	\$ 22,310,587
Average Annual Benefit	\$ 5,215	\$ 5,103
Terminated Members Entitled to Future Benefits		
<u>STATE</u>	5,784	6,871
Deferred Annual Benefits	\$ 25,153,047	\$ 26,912,800
Average Annual Benefits	\$ 4,349	\$ 3,917
<u>POLITICAL SUBDIVISIONS</u>	5,768	7,918
Deferred Annual Benefits	\$ 22,282,144	\$ 23,408,815
Average Annual Benefits	\$ 3,863	\$ 2,956

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

SCHEDULED AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

<u>Date Base Established</u>	<u>Reason</u>	<u>STATE PORTION</u>		
		<u>Years Remaining at 7-1-2007</u>	<u>Amortization Amount</u>	<u>Balance at 7/1/2007</u>
7/1/2007	Fresh Start	30	\$ (1,199,457)	\$ (15,570,370)

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

SCHEDULED AMORTIZATION OF UNFUNDED ACTUARIAL ACCRUED LIABILITY

-Continued-

<u>Date Base Established</u>	<u>Reason</u>	<u>POLITICAL SUBDIVISION PORTION</u>		
		<u>Years Remaining at 7-1-2007</u>	<u>Amortization Amount</u>	<u>Balance at 7/1/2007</u>
7/1/2006	Fresh Start	29	\$ 17,887,408	\$ 229,849,856
7/1/2007	Actuarial Experience Gain	30	(7,231,867)	(93,878,156)
7/1/2007	Change in Assumptions	30	<u>7,585,031</u>	<u>98,462,639</u>
			\$ 18,240,572	\$ 234,434,339

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

TEN YEAR HISTORY OF CONTRIBUTION RATES

<u>Valuation Date</u>	<u>State</u>	<u>Political Subdivisions</u>	<u>Total</u>
July 1, 1998	5.7%	5.5%	5.6%
July 1, 1999	5.0%	5.1%	5.1%
July 1, 2000	5.0%	5.0%	5.0%
July 1, 2001*	5.2%	5.0%	5.1%
July 1, 2002*	5.6%	6.2%	5.9%
July 1, 2003*	3.8%	4.7%	4.4%
July 1, 2004*	4.5%	5.3%	5.0%
July 1, 2005*	5.5%	6.3%	6.0%
July 1, 2006*	6.3%	6.9%	6.7%
July 1, 2007*	6.3%**	6.9%	6.6%

*Plan changes and/or changes in actuarial assumptions

**After application of smoothing parameters.

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

TEN YEAR HISTORICAL INVESTMENT EXPERIENCE

<u>Year Ending June 30</u>	<u>Estimated Annual Rate of Investment Return</u>		
	<u>Actuarial Basis</u>	<u>Market Basis</u>	<u>Actuarial Assumed Interest Rate</u>
1998	9.34%	13.27%	7.25%
1999	9.52%	10.04%	7.25%
2000	8.53%	5.80%	7.25%
2001	5.77%	(2.14%)	7.25%
2002	3.08%	(4.85%)	7.25%
2003	4.20%	3.48%	7.25%
2004	6.29%	16.19%	7.25%
2005	7.00%	9.23%	7.25%
2006	7.85%	10.44%	7.25%
2007	10.37%	17.74%	7.25%

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA
TEN YEAR HISTORICAL MEMBER INFORMATION

Active Member Statistics

<u>Year Ending June 30</u>	<u>Number</u>	<u>Total Anticipated Annual Payroll</u>	<u>Average Annual Pay</u>	<u>Percentage Increase In Average Pay</u>
1998	141,383	\$ 3,110,162,069	\$ 21,998	2.21%
1999	141,441	3,250,197,264	22,979	4.46%
2000	146,613	3,482,453,418	23,753	3.37%
2001	145,019	3,587,079,638	24,735	4.14%
2002	143,234	3,851,760,958	26,891	8.72%
2003	143,082	4,038,679,794	28,226	4.96%
2004	142,913	4,214,390,292	29,489	4.47%
2005	141,428	4,318,450,314	30,535	3.55%
2006	140,563	4,322,179,849	30,749	4.27%
2007	138,863	4,385,675,869	31,583	2.71%

Non-Retired Inactive Vested Member Statistics

<u>Year Ending June 30</u>	<u>Number</u>	<u>Average Annual Benefit*</u>
1998	6,862	\$ 3,661
1999	7,979	3,611
2000	8,368	3,788
2001	10,323	3,982
2002	11,572	4,531
2003	11,897	3,472
2004	9,884	3,714
2005	10,531	3,828
2006	11,552	4,106
2007	14,789	3,403

*July 1, 2002 and earlier amounts weighted with early retirement rates

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PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

TEN YEAR HISTORICAL MEMBER INFORMATION

-Continued-

Retired Member and Beneficiary Statistics

<u>Year Ending June 30</u>	<u>Number</u>	<u>Annual Benefit*</u>	<u>Average Annual Benefit*</u>
1998	43,517	\$ 193,350,012	\$ 4,443
1999	44,594	203,097,160	4,554
2000	45,768	216,615,494	4,733
2001	47,203	230,791,087	4,889
2002	47,507	248,797,563	5,237
2003	49,181	273,821,963	5,568
2004	50,436	308,061,648	6,108
2005	52,936	334,909,825	6,327
2006	54,040	355,485,118	6,578
2007	55,960	390,434,248	6,977

Disabled Member Statistics

1998	3,257	\$ 11,433,222	\$ 3,510
1999	3,360	11,986,411	3,567
2000	3,537	13,230,143	3,740
2001	3,566	13,529,137	3,794
2002	3,585	14,212,424	3,964
2003	3,775	15,845,234	4,197
2004	3,918	17,649,672	4,505
2005	4,185	19,375,530	4,630
2006	4,243	22,125,496	5,215
2007	4,372	22,310,587	5,103

*Includes employee annuities

June 27, 2008 (I418)

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

TEN YEAR HISTORICAL FUNDING INFORMATION

Portion Of Actuarial Liability Provided for by Assets

(In Thousands of Dollars)

<u>Year Ending June 30</u>	<u>Accumulated Employee Contributions</u>	<u>Retired and Disabled</u>	<u>Non-Retired Member Actuarial Liability</u>	<u>Net Assets Available for Benefits, Actuarial Value</u>
1998	\$ 1,288,353 100%	\$ 2,074,561 100%	\$ 3,267,237 100%	\$ 6,914,957
1999	1,428,913 100%	2,158,640 100%	3,488,428 100%	7,595,266
2000	1,647,902 100%	2,303,679 100%	3,748,305 100%	8,267,657
2001	1,728,972 100%	2,426,062 100%	4,150,638 100%	8,723,304
2002	1,886,124 100%	2,582,149 100%	4,597,859 98.4%	8,994,854
2003	1,971,864 100%	2,764,974 100%	4,297,735 100%	9,293,952
2004	2,211,326 100%	2,927,884 100%	4,705,143 100%	9,853,976
2005	2,382,280 100.0%	3,301,265 100.0%	5,174,777 92.5%	10,471,937
2006	2,515,984 100.0%	3,648,764 100.0%	5,286,181 94.8%	11,177,971
2007	2,707,176 100%	4,007,389 100%	5,725,233 96.2%	12,220,934

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA
TEN YEAR HISTORICAL FUNDING INFORMATION
-Continued-

Portion of Present Value of Accumulated Vested and Total Accumulated Benefits Provided for by Assets

(In Thousands of Dollars)

<u>Year Ending June 30</u>	<u>Accumulated Employee Contributions</u>	<u>Retired and Disabled</u>	<u>Non-Retired Accumulated Vested Benefits</u>	<u>Non-Retired Total Accumulated Benefits</u>	<u>Net Assets Available for Benefits, Actuarial Value</u>
1998	\$ 1,288,353 100%	\$ 2,074,561 100%	\$ 1,511,289 100%	\$ 1,859,857 100%	\$ 6,914,957
1999	1,428,913 100%	2,158,640 100%	1,639,166 100%	2,005,646 100%	7,595,266
2000	1,647,901 100%	2,303,679 100%	1,785,795 100%	2,168,889 100%	8,267,657
2001	1,728,972 100%	2,426,062 100%	1,950,425 100%	2,249,293 100%	8,723,304
2002	1,886,124 100%	2,582,149 100%	2,327,868 100%	2,646,870 100%	8,994,854
2003	1,971,864 100%	2,764,974 100%	2,215,284 100%	2,562,166 100%	9,293,952
2004	2,211,326 100%	2,927,884 100%	2,396,487 100%	2,775,447 100%	9,853,976
2005	2,382,280 100.0%	3,301,265 100.0%	2,665,332 100.0%	3,075,942 100.0%	10,471,937
2006	2,515,984 100.0%	3,648,764 100.0%	3,103,472 100.0%	3,583,679 100.0%	11,177,971
2007	2,707,716 100.0%	4,007,389 100.0%	3,570,194 100.0%	4,055,549 100.0%	12,220,934

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

ACTUARIAL METHODS

ACTUARIAL COST METHOD

Entry Age Normal Cost

ASSET VALUATION METHOD

75% of Expected
Actuarial Value Plus
25% of Market Value

Entry Age Normal Cost

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The unfunded actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date less the actuarial value of assets.

The effect of this valuation method is to amortize all actuarial gains and losses, resulting from experience different from that anticipated in our assumptions, over a 30-year period. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

ACTUARIAL ASSUMPTIONS

Interest	7.25% net of administrative expenses
Future Salary Increases	Annual Increase of 4% (Based on PERF experience 2000-2005).
Cost of Living Increases	An increase of 1.5% compounded annually is assumed to be applied to the pension benefit each year following retirement. No increase is assumed to be applied to the PERF annuity benefit.
Mortality	UP-1994. Pre-retirement mortality based on PERF experience 1995-2000.
Disability	Based on PERF experience 1995-2000.
Termination	Select and ultimate tables based on PERF experience 2000-2005. Separate tables are used for state employees and political subdivision employees.
Retirement	Based on PERF experience 2000-2005. Revised effective July 1, 2007
Spouse's Benefit	90% of members are assumed either to be married or to have a dependent beneficiary. Males are assumed to be 3 years older than their spouses.
Administrative Expense	Netted against investment earnings

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

SUMMARY OF MAJOR PLAN PROVISIONS

PARTICIPATION

All full time employees of the State of Indiana and all full time employees of political subdivisions which have adopted the plan must become members of PERF upon date of hire.

ELIGIBILITY FOR ANNUITY BENEFITS:

Normal Retirement

Earliest of:

- (1) Age 65 with 10 years of creditable service;
- (2) Age 60 with 15 years of creditable service;
- (3) Sum of age and creditable service equal to 85 (but not earlier than age 55).

Early Retirement

Age 50 with 15 years of creditable service

Late Retirement

Subject to continued employment after normal retirement

Disability Retirement

5 years of creditable service and qualified for Social Security disability benefits or federal Civil Service disability benefits.

Termination

10 years of creditable service and election not to take lump sum payment of employee account balance with interest.

Pre-Retirement Death

If death occurs in service, 15 years of creditable service. If death occurs after separating from service, age 50 with 15 years of creditable service.

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Normal Retirement	The normal retirement benefit is an annuity payable for life with 60 months guaranteed and is equal to 1.1% of average monthly earnings* times years and months of creditable service earned.
Early Retirement	The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A member may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 120 months that the benefit commencement date precedes the normal retirement date.
Late Retirement	The late retirement benefit is calculated in the same manner as the normal retirement benefit. Creditable service and earnings earned after normal retirement is included in the computation.
Disability Retirement	The disability retirement benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement.
Termination	The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing at 65. If the member has 15 or more years of creditable service, then the member may elect to receive a reduced early retirement benefit.

* Average monthly earnings is the monthly average of earnings during the 20 quarters (in groups of 4 consecutive quarters) preceding retirement that produce the highest such average. Earnings include basic salary, the member's 3% mandatory contribution paid by the employer, the member's salary reduction agreement under Section 125, 403(b) or 457 of the Internal Revenue Code, and up to \$2,000 of additional compensation received from the employer in anticipation of the member's termination or retirement.

PUBLIC EMPLOYEES' RETIREMENT FUND
OF INDIANA

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Pre-Retirement Death

The spouse or dependent beneficiary is entitled to receive the monthly life annuity under the assumption that the member retired on the later of age 50 or the day before the date of death and elected the joint and full survivor option.

Employee Contributions

Each member is required to contribute to an employee annuity at the rate of 3% of pay (unless the employer has opted to make all or a portion of the contribution for the employee). These contributions are kept on deposit and credited with interest until such time as they are refunded or used to provide the annuity benefit at retirement.

The benefits provided by employee contributions are in addition to the benefits provided by employer contributions. The monthly annuity provided at a normal retirement age of 65 is equal to \$1.00 for each \$108.79 of accumulated employee contributions plus interest.

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM
ACTUARIAL VALUATION
AS OF JULY 1, 2007

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

ACTUARIAL VALUATION

VALUATION DATE	July 1, 2007
VALUATION YEAR	July 1, 2007 - June 30, 2008
EFFECTIVE DATE OF ORIGINAL PLAN	January 1, 1953
EFFECTIVE DATE OF JUDGES 1977 BENEFIT SYSTEM	July 1, 1977
EFFECTIVE DATE OF JUDGES 1985 BENEFIT SYSTEM	September 1, 1985

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STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Actuarial Valuation as of July 1, 2007

Comments

This Valuation has been prepared as of July 1, 2007 for the Plan which was originally effective January 1, 1953. As of July 1, 2007 there were 258 active participants, 95 terminated participants entitled to future benefits and 279 former participants and beneficiaries receiving monthly benefits. The purpose of this valuation is to show, on an actuarially prefunded basis, the funded status of the plan and to recommend a contribution amount according to Indiana statute.

This report establishes the following contributions for the July 1, 2007 plan year:

CONTRIBUTION BASED ON 30-YEAR FUNDING FROM JULY 1, 2006

\$ 10,028,371

According to current Indiana statute (IC 33-13-8-16), this plan is to be funded by appropriations from the general fund of the state of Indiana by an amount “. . . on recommendation of an actuary, which, when added to the portion of the fund held for benefits at the date of such appropriation, shall be equal to the aggregate liability of the fund for benefits . . .”. The exhibit labeled 5-Year Projection of Benefits estimates the benefits that are anticipated to be paid over the next 5 years based on the actuarial assumptions utilized in these Valuations. This exhibit presents our recommended contribution amounts such that the appropriation from the general fund will be equal to the aggregate liability of the fund for benefits over the next 5 years.

This valuation reflects the plan provisions of both the Judges 1977 Benefit System and the Judges 1985 Benefit System. The two Systems are essentially identical except that benefits in payment status under the Judges 1977 Benefit System increase as the salaries increase for the offices held by the participants at the time of separation from service. Benefits for participants retiring under the Judges 1985 Benefit System remain level once they commence.

Comments. Continued

The Contribution Based on 30-Year Funding from July 1, 2006 for 2007, as a percentage of anticipated payroll, was 33.8% as compared to 36.0% for 2006. The plan had experience gains from investments earning more than the assumed 7.25% (earnings were about 15.8% on an actuarial value basis).

The Entry Age Normal Cost Method was continued for determining the cost of retirement benefits, death benefits, disability benefits, and termination benefits. Valuation assets are valued on a smoothed market value basis.

The actuarial assumptions used in this Valuation have been reviewed and continued from the prior Valuation. The actuarial assumptions are deemed to be representative of actual and anticipated experience under the plan.

We will be pleased to furnish any additional information or answer any questions which may arise after your review of this report.

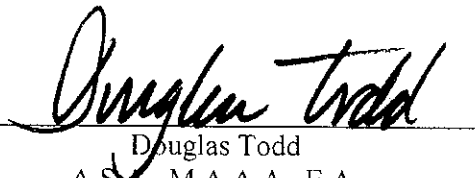
STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Actuarial Certification

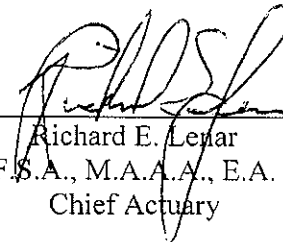
The information and valuation results shown in this report are, to the best of my knowledge, complete and accurate and are based upon:

1. Employee census data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
2. Financial data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions which were chosen by the PERF Board after consultation with the actuary.
4. Generally accepted actuarial principles and in accordance with standards of practice prescribed by the Actuarial Standards Board.
5. Actuarial methods as stated in the report and our interpretation of plan provisions as summarized in the report.

Prepared and Submitted by
McCready and Keene, Inc.



Douglas Todd
A.S.A., M.A.A.A., E.A.
Senior Actuary



Richard E. Lenar
F.S.A., M.A.A.A., E.A.
Chief Actuary

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Contribution Breakdown And Comparison

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Normal Cost	\$ 6,414,956	\$ 5,708,981
Plus: Amortization	7,296,818	5,622,545
Plus: Interest Adjustment	497,052	410,768
Less: Employee Contributions	<u>1,959,336</u>	<u>1,713,923</u>
Equals: Total Employer Cost	\$ 12,249,490	\$ 10,028,371
Anticipated Payroll	\$ 34,064,513	\$ 29,712,252
Cost as % of Payroll	36.0%	33.8%
Funded Status	65.3%	74.6%

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Development Of Unfunded Actuarial Liability

	July 1, 2006			July 1, 2007		
	1977 Plan	1985 Plan	Total	1977 Plan	1985 Plan	Total
Actuarial Accrued Liability						
- Actives	\$ 9,536,495	\$ 59,877,558	\$ 69,414,053	\$ 4,915,592	\$ 61,521,669	\$ 66,437,261
- Terminated Vested	60,517,719	8,793,949	69,311,668	64,137,305	9,775,275	73,912,580
- Retired and Disabled Members	104,917,302	12,072,893	116,990,195	112,145,183	14,792,116	126,937,299
- Disabled Participants	1,100,621	-	1,100,621	691,194	-	691,194
- Beneficiaries	14,926,891	1,253,955	16,180,846	14,806,138	1,210,693	16,016,831
Subtotal-Benefits in Force	<u>\$ 120,944,814</u>	<u>13,326,848</u>	<u>134,271,662</u>	<u>127,642,515</u>	<u>16,002,809</u>	<u>143,645,324</u>
Grand Total	\$ 190,999,028	\$ 81,998,355	\$ 272,997,383	\$ 196,695,412	\$ 87,299,753	\$ 283,995,165
Less: Valuation Assets			<u>178,276,083</u>			<u>211,746,513</u>
Equals: Actual Unfunded Liability			\$ 94,721,300			\$ 72,248,652
Unfunded Liability, Prior Year			\$ 121,851,985			\$ 94,721,300
Less: Amortizations, Prior Year			9,587,906			7,296,818
Plus: Interest for Full Year			8,139,146			6,338,275
Plus: Plan Changes			-			-
Plus: Actuarial Assumption Change			<u>(18,202,724)</u>			<u>-</u>
Equals: Expected Unfunded Liability			\$ 102,200,501			\$ 93,762,757
Asset Experience (Gain) or Loss			\$ (10,553,711)			\$ (15,519,414)
Liability Experience (Gain) or Loss			<u>3,074,510</u>			<u>(5,994,691)</u>
Total Experience (Gain) or Loss			\$ (7,479,201)			\$ (21,514,105)

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Actuarial Present Value Of Accumulated Plan Benefits

	July 1, 2007		
	<u>1977 Plan</u>	<u>1985 Plan</u>	<u>Total</u>
Vested Benefits			
-Active Members	\$ 4,432,170	\$ 43,067,574	\$ 47,449,744
-Terminated Vested	66,984,131	9,775,275	76,759,406
 -Retired Participants	112,145,183	14,792,116	126,937,299
-Disabled Participants	691,194	-	691,194
-Beneficiaries	14,806,138	14,806,138	-
Subtotal-Benefits in Force	<u>127,642,515</u>	<u>29,598,254</u>	<u>127,628,493</u>
Total	\$ 199,058,816	\$ 82,441,103	\$ 251,887,643
Non vested Benefits	<u>471,403</u>	<u>13,546,320</u>	<u>14,017,723</u>
Total Actuarial PVAB	\$ 199,530,219	\$ 95,987,423	\$ 265,905,366
 Pension Plan			
-Market Value			\$ 233,385,367
-Actuarial Value			211,746,513
 Ratio of Assets to PVVB			
-Market Value			0.927
-Actuarial Value			0.841
 Ratio of Assets to PVAB			
-Market Value			0.878
-Actuarial Value			0.796

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Statement Of Changes In The Present Value Of Accumulated Plan Benefits

Actuarial Present Value of Accumulated Plan Benefits, July 1, 2006	\$ 254,001,483
Plus: Increase Due to Additional Benefits Accumulated	6,162,947
Less: Benefits Paid	11,736,291
Plus: Increase Due to Decrease in the Discount Period (@ 7.25%)	18,401,027
Plus: Increase (Decrease) Due to Change in Plan Provisions	-
Plus: Increase (Decrease) Due to Change in Actuarial Assumptions	-
Plus: Actuarial Experience (Gain)/Loss and other Miscellaneous Items	<u>(923,800)</u>
Equals: Actuarial Present Value of Accumulated Plan Benefits, July 1, 2007	\$ 265,905,366

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Summary Of Employee Data

	July 1, 2006			July 1, 2007		
	1977 Plan	1985 Plan	Total	1977 Plan	1985 Plan	Total
NUMBER OF MEMBERS						
Active Members						
- Vested	14	137	151	8	148	156
- Non - Vested	-	123	123	-	102	102
- Total Active Members	14	260	274	8	250	258
Non - active Members						
- Retired Participants	132	20	152	135	25	160
- Disabled Participants	2	-	2	1	-	1
- Beneficiaries of Deceased Part.	106	9	115	109	9	118
- Terminated Vested Participants	77	21	98	74	21	95
- Total Nonactive Members	317	50	367	319	55	374
Grand Total Members	331	310	641	327	305	632

ANNUAL BENEFITS PAYABLE FROM TRUST

Amount of Benefits						
- Retired Participants	\$ 8,925,511	\$ 1,287,561	\$ 10,213,072	\$ 9,560,085	\$ 1,580,575	\$ 11,140,660
- Disabled Participants	115,282	-	115,282	59,947	-	59,947
- Beneficiaries of Deceased Part.	2,478,747	176,327	2,655,074	2,522,474	176,327	2,698,801
- Total Recipients	\$ 11,519,540	\$ 1,463,888	\$ 12,983,428	\$ 12,142,506	\$ 1,756,902	\$ 13,899,408

Average Benefits						
- Retired Participants	\$ 67,618	\$ 64,378	\$ 67,191	\$ 70,815	\$ 63,223	\$ 69,629
- Disabled Participants	57,641	N/A	57,641	59,947	N/A	59,947
- Beneficiaries of Deceased Part	23,384	19,592	23,088	23,142	19,592	22,871
- Total Recipients	47,998	50,479	48,266	49,561	51,674	49,819

TERMINATED VESTED MEMBERS ENTITLED TO FUTURE BENEFITS

Est. Deferred Annual Benefits	\$ 4,769,025	\$ 1,186,922	\$ 5,955,957	\$ 4,886,036	\$ 1,271,375	\$ 6,157,411
Est. Annual Deferred Annual Benefits	\$ 61,935	\$ 56,520	\$ 60,775	\$ 66,028	\$ 60,542	\$ 64,815

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STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Development Of Valuation Assets

	<u>Market</u>
TRUST ASSETS, JULY 1, 2006	\$193,310,002
RECEIPTS	
Employer Contributions	14,661,552
Employee Contributions	1,924,920
Investment Earnings	38,273,304
Miscellaneous Income	-
Total	<u>\$ 54,859,776</u>
DISBURSEMENTS	
Pension Benefits	\$ 11,553,667
Disability Benefits	110,385
Death Benefits Paid	-
Employee Contribution Refunds	72,239
Investment Expenses*	2,854,862
Administrative Expenses*	196,258
Miscellaneous Expenses	-
Total	<u>\$ 14,784,411</u>
TRUST ASSETS, JUNE 30, 2007	\$233,385,367
Plus: 75% of 2006-2007 Loss (Gain) [75% of (\$21,034,390)]	\$ (15,775,793)
Plus: 50% of 2005-2006 Loss (Gain) [50% of (\$5,594,221)]	(2,797,111)
Plus: 25% of 2004-2005 Loss (Gain) [25% of (\$12,263,805)]	<u>(3,065,951)</u>
VALUATION ASSETS, JULY 1, 2007	\$211,746,513

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

5-Year Projection Of Benefits

<u>Plan Year</u>	<u>Anticipated Benefits to be Paid</u>	<u>Recommended* Annual Contribution</u>
2007-2008	16,318,249	16,635,656
2008-2009	17,538,354	17,633,796
2009-2010	18,754,406	18,691,823
2010-2011	20,101,703	19,813,333
2011-2012	<u>21,064,029</u>	<u>21,002,133</u>
Total	\$ 93,776,741	\$ 93,776,741

* Total benefits for the 5-year period were totaled and then converted into a cash flow stream such that the recommended annual contribution increases at the rate of 6% per year. The purpose of this procedure is to smooth out the anticipated payment of benefits.

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Required Pension Disclosure Under GASB #25 And #27

Schedule of Funding Progress

Valuation Date	Valuation Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Anticipated Payroll	Unfunded Liability as % of Payroll
7/1/1998	\$ 79,594,190	\$ 160,844,542	\$ 81,250,352	49.49%	\$ 30,853,000	263.35%
7/1/1999	91,072,574	176,301,145	85,228,571	51.66%	30,963,000	275.26%
7/1/2000	103,732,605	182,447,802	78,715,197	56.86%	30,428,000	258.69%
7/1/2001	115,040,066	188,610,419	73,570,353	60.99%	29,748,000	247.31%
7/1/2002	121,155,082	188,433,985	67,278,903	64.30%	25,805,000	260.72%
7/1/2003	126,151,673	206,846,323	80,694,650	60.99%	25,400,000	317.70%
7/1/2004	135,797,814	209,991,843	74,194,029	64.67%	25,693,400	288.77%
7/1/2005	151,003,026	272,855,011	121,851,985	55.34%	32,230,704	378.06%
7/1/2006	178,276,083	272,997,404	94,721,321	65.30%	34,064,513	278.06%
7/1/2007	\$ 211,746,513	\$ 283,995,165	\$ 72,248,652	74.56%	\$ 29,712,252	243.16%

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Required Pension Disclosure Under GASB #25 And #27

Development of Net Pension Obligation (NPO)

Valuation Date	Plan Year	(1) Annual Required Contrib	(2) Interest on NPO @ 7.25%	(3) ARC Adjust (8) / (4)	(4) Amort. Factor	(5) Net Pens Cost (1)+(2)-(3)	(6) Actual Employer Contrib	(7) Change in NPO (5) - (6)	(8) NPO @ BOY	(9) NPO @ EOY (7) + (8)
7/1/1997	7/1/97 - 6/30/98	\$ 10,762,513	\$ (111,011)	\$ (110,210)	13.8933	\$ 10,761,712	\$ 10,658,677	\$ 103,035	\$ (1,531,186)	\$ (1,428,151)
7/1/1998	7/1/98 - 6/30/99	11,101,381	(103,541)	(103,280)	13.8280	11,101,120	11,095,378	5,742	(1,428,151)	(1,422,409)
7/1/1999	7/1/99 - 6/30/00	11,491,096	(103,125)	(103,387)	13.7581	11,491,358	11,774,950	(283,592)	(1,422,409)	(1,706,001)
7/1/2000	7/1/00 - 6/30/01	10,756,808	(123,685)	(124,680)	13.6830	10,757,803	12,278,630	(1,520,827)	(1,706,001)	(3,226,828)
7/1/2001	7/1/01 - 6/30/02	10,320,300	(233,945)	(237,223)	13.6025	10,323,578	12,542,618	(2,219,040)	(3,226,828)	(5,445,868)
7/1/2002	7/1/02 - 6/30/03	9,561,180	(394,825)	(432,126)	12.6025	9,598,481	13,275,820	(3,677,339)	(5,445,868)	(9,123,207)
7/1/2003	7/1/03 - 6/30/04	10,488,119	(661,433)	(753,754)	12.1037	10,580,440	12,965,157	(2,384,717)	(9,123,207)	(11,507,924)
7/1/2004	7/1/04 - 6/30/05	10,064,462	(834,325)	(950,777)	12.1037	10,180,914	13,540,250	(3,359,336)	(11,507,924)	(14,867,260)
7/1/2005	7/1/05 - 6/30/06	14,931,529	(1,077,876)	(1,228,327)	12.1037	15,081,980	13,537,113	1,544,867	(14,867,260)	(13,322,393)
7/1/2006	7/1/06-6/30/07	12,249,490	(965,874)	(1,100,691)	12.1037	12,384,307	14,661,552	(2,277,245)	(13,322,393)	(15,599,638)

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STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

Historical Plan Experience

<u>Year Ending June 30</u>	<u>Estimated Annual Rate of Investment Return</u>	
	<u>Actuarial Basis*</u>	<u>Market Basis</u>
2003	(1.0%)	5.3%
2004	3.3%	16.1%
2005	7.0%	9.6%
2006	15.1%	10.5%
2007	15.8%	18.0%

* "Cost Basis" for 1997 and earlier.

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

ACTUARIAL METHODS

ACTUARIAL COST METHOD

Entry Age Normal Cost

ASSET VALUATION METHOD

Smoothed Market Value

Entry Age Normal Cost

The normal cost is calculated separately for each active participant and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The unfunded actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date less the actuarial value of assets.

Smoothed Market Value

This method determines the Valuation Assets to be equal to the Market Value of Assets as of the valuation date less a decreasing fraction ($\frac{3}{4}$, $\frac{1}{2}$, and $\frac{1}{4}$) of the difference between expected investment return and actual investment return for each of the preceding 4 years. This method was phased-in beginning July 1, 2006.

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

ACTUARIAL ASSUMPTIONS

Interest (net of administrative expenses)	7.25% (net of administrative expenses)
Future Salary Increases	4.00%
Post-Retirement Increase	Benefits are assumed to increase at the rate of 4% per year for the Judges 1977 Benefit System only.
Mortality	<u>Healthy Lives</u> 1994 Group Annuity Mortality Basic for males and females <u>Disabled Lives</u> 115% of 1994 Group Annuity Mortality Basic for Males and Females
Disability	1964 OASDI Tables
Termination	Based on 2000 - 2005 experience study - 4% per year
Retirement	Based on 2000 - 2005 experience study

Rates for Eligible Ages:			
<u>Ages</u>	<u>Rate</u>	<u>Ages</u>	<u>Rate</u>
55-61	20%	70	10%
62	25%	71	15%
63	15%	72	5%
64	10%	73	20%
65	25%	74	10%
66-68	15%	75+	100%
69	20%		

Spouse's Benefit	90% of participants are assumed either to be married or to have a dependent beneficiary. Males are assumed to be 3 years older than their spouses.
Administrative Expense	Netted against investment earnings
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STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

SUMMARY OF MAJOR PLAN PROVISIONS

EFFECTIVE DATE	January 1, 1953 (Original Plan) July 1, 1977 - Judges 1977 Retirement, Disability, and Death System September 1, 1985 - Judges 1985 Retirement, Disability, and Death System
PARTICIPATION	All individuals serving as a judge or justice in Indiana as defined in IC 33-38-6-7. A judge who begins service before September 1, 1985 shall be a participant of the 1977 System and a judge who begins service after August 31, 1985 shall be a participant of the 1985 System. Each participant shall make annual contributions to the fund equal to 6% of salary.
ELIGIBILITY FOR ANNUITY BENEFITS:	
Normal Retirement	Age 65 with 8 years of creditable service or Rule of 85 (not less than age 55)
Early Retirement	Age 62 with 8 years of creditable service
Late Retirement	Subject to continued employment after normal retirement
Disability Retirement	A participant is considered disabled if two (2) physicians certify that he is totally incapacitated from earning a livelihood and that the condition is likely to be permanent.
Termination	8 years of creditable service.
Death	Death while receiving benefits from this plan, after completing 8 years of creditable service, or after meeting the eligibility requirements for disability retirement.

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM
SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Normal Retirement

The normal retirement benefit is a monthly annuity payable for life with a 50% continuation (or \$12,000 annually, if greater) to a surviving spouse or surviving dependent children. The benefit is equal to a percentage of average monthly earning* in accordance with the following table:

<u>Years of Service</u>	<u>Percentage</u>
8	24%
9	27%
10	30%
11	33%
12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

An additional percentage shall be calculated by prorating between applicable percentages, based on the number of months in a partial year of service.

Early Retirement

The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to age 65 provided the benefit is reduced by 0.1% for each month that the benefit commencement date precedes age 65.

*Average monthly earnings is the monthly average of the annual salary (a) for the 1977 System, being paid for the office which the participant held at the time of separation from service, or (b) for the 1985 System, being paid to the participant at the time of separation from service.

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STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Late Retirement

The late retirement benefit is calculated in the same manner as the normal retirement benefit.

Disability Retirement

The disability retirement benefit is payable for the duration of the disability commencing the month following disability date without reduction for early commencement. The amount of monthly benefit shall be equal to a percentage of average monthly earnings in accordance with the following table:

<u>Years of Service</u>	<u>Percentage</u>
12 or less	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

An additional percentage shall be calculated by prorating between applicable percentages, based on the number of months in a partial year of service.

STATE OF INDIANA
JUDGES' RETIREMENT SYSTEM

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Termination	The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit.
Death Benefit	<p>If death occurs (a) while receiving benefits, or (b) while in service as a judge, but with 8 years of service as a judge, or (c) while permanently disabled, the spouse or family of dependent children shall be eligible for a benefit equal to the greater of \$12,000 (effective July 1, 1997) annually or 50% of the benefit the participant was receiving or was entitled to receive at the time of death.</p> <p>Spouse's benefits are payable as a lifetime monthly pension.</p>
Participant Contributions	Each participant contributes 6% of his total salary until completion of 22 years of service.
Withdrawal From Fund	If a participant's employment as a judge is terminated at a time when he has less than 8 years of service and is not eligible for benefits, he may withdraw his contributions in a lump sum.

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

ACTUARIAL VALUATION

AS OF JULY 1, 2007

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

ACTUARIAL VALUATION

VALUATION DATE

July 1, 2007

VALUATION YEAR

July 1, 2007 - June 30, 2008

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STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS
RETIREMENT PLAN

Summary of Actuarial Valuation as of July 1, 2007

Introduction

As of the valuation date there were 344 active members, 140 pensioners and 10 terminated members entitled to future benefits. See the exhibit labeled Summary of Employee Data for more detail.

We have established the following contributions as of July 1, 2007:

Total Employer Annual Cost	\$ 3,675,828
Cost as Percentage of Anticipated Payroll	20.75%

There were several major plan changes effective July 1, 2007:

1. Benefit formula was increased from 1% to 1 2/3% for service over 25 years;
2. Full retirement if participant is at least 50 with at least 25 years service;
3. Employee contributions increased to 4% of salary;
4. Disability benefits improved.

This report reflects the plan provisions in effect as of July 1, 2007. Refer to the exhibit titled Summary of Major Plan Provisions for a brief description of benefits provided by this plan.

Prior to smoothing, the Total Annual Cost is composed of normal cost of \$2,496,634, a net amortization payment of \$1,325,840, an interest adjustment of \$138,565 and less employee contributions of \$697,833. As of July 1, 2007, the Unfunded Actuarial Accrued Liability is \$17,036,799. A breakdown and a comparison with the results of the prior valuation is provided in the exhibit titled Contribution Breakdown and Comparison.

Prior to smoothing, the Total Annual Cost for 2007, as a percent of anticipated payroll, is 18.5% as compared to 21.0% for 2006. The Fund had experience gains from investments yielding more than the assumed 7.25% (estimated return for the 2006 plan year was 15.9% on an actuarial value basis). In terms of actual dollars, the Total Annual Cost increased by \$135,706, from \$3,127,500 for the 2006 plan year to \$3,263,206 for the 2007 plan year.

Actuarial Methods and Assumptions

The Entry Age Normal Cost Method was continued for determining the cost of retirement benefits, death benefits, disability benefits, and termination benefits. The method for valuing assets continues to be an averaging method designed to smooth out market fluctuations.

The actuarial assumptions used in this Valuation have been reviewed and continued from the prior Valuation.

A brief explanation of the methods and a complete summary of the assumptions used may be found in the exhibits titled Actuarial Methods and Actuarial Assumptions.

Valuation Data and Disclaimer

The valuation census data was provided by the Public Employees' Retirement Fund and transposed into a computer file for processing. Similar information has been furnished to us in the past, and the accuracy of this report depends on the accuracy of all data that has been furnished to us from time to time. Trust information was also furnished by the Public Employees' Retirement Fund. It is noted that we make no representation concerning the accuracy of any employee data or valuation information that has been furnished to us.

The Valuation has been prepared for the sole purpose of determining the contribution requirements for the respective plan year and for providing accounting data to meet the requirements of GASB #25 and #27.

Summary of Trust Experience

Based on the market value, the entire asset portfolio had net investment income for the 2006-2007 plan year that resulted in an estimated yield of 17.8%. On an actuarial value basis, the portfolio had a yield of approximately 15.9%.

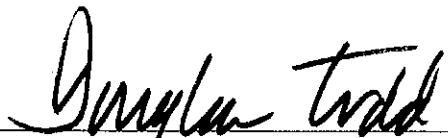
We will be pleased to furnish any additional information or answer any questions which may arise after your review of this report.

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS
RETIREMENT PLAN
ACTUARIAL CERTIFICATION

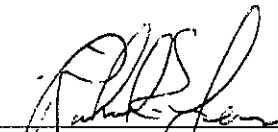
The information and valuation results shown in this report are, to the best of my knowledge, complete and accurate and are based upon:

1. Employee census data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
2. Financial data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions which were chosen by the PERF Board after consultation with the actuary.
4. Generally accepted actuarial principles and in accordance with standards of practice prescribed by the Actuarial Standards Board.
5. Actuarial methods as stated in the report and our interpretation of plan provisions as summarized in the report.

Prepared and Submitted by
McCready and Keene, Inc.



Douglas Todd
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STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

EMPLOYER CONTRIBUTION SMOOTHING

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Employer Annual Cost	N/A	3,675,828
Employer Annual Cost as Percent of Payroll	N/A	20.75%

Smoothing rules:

1. Any increase or decrease between the current year's true rate and the previous year's actual rate shall be limited to one-half the increase or decrease rounded up to the next 0.25% multiple.
2. After the smoothing described above, any decrease in the employer rate shall be equal to the excess, if any, of the decrease over 1%.

CONTRIBUTION BREAKDOWN AND COMPARISON

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Normal Cost	\$ 1,839,397	\$ 2,496,634
Plus: Amortizations	1,253,297	1,325,840
Plus: Interest Adjustment	112,110	138,565
Less: Employee Contributions	<u>77,304</u>	<u>697,833</u>
Equals: Total Employer Cost	\$ 3,127,500	\$ 3,263,206
Anticipated Payroll	\$ 14,891,827	\$ 17,714,833
Cost As % Of Payroll	21.0%	18.50%
Funded Status	74.9%	77.1%

June 17, 2008 (I430)

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

DEVELOPMENT OF UNFUNDED ACTUARIAL LIABILITY

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Actuarial Accrued Liability		
- Actives	\$ 42,936,535	\$ 48,172,385
- Terminated Vested Participants	958,146	1,672,376
- Retired Participants	18,988,566	22,790,433
- Disabled Participants	584,098	572,404
- Beneficiaries	<u>1,297,432</u>	<u>1,243,496</u>
Subtotal – Benefits in Force	<u>20,870,096</u>	<u>24,606,333</u>
Grand Total	\$ 64,764,777	\$ 74,451,094
Less: Valuation Assets	<u>48,495,507</u>	<u>57,414,295</u>
Equals: Actual Unfunded Liability	\$ 16,269,270	\$ 17,036,799
Unfunded Liability, Prior Year	\$ 18,301,042	\$ 16,269,270
Less: Amortizations, Prior Year	1,430,998	1,253,297
Plus: Interest for Full Year	1,223,078	1,088,658
Plus: Plan Changes	-	4,740,487
Plus: Actuarial Assumption Change	<u>(2,128,760)</u>	<u>-</u>
Equals: Expected Unfunded Liability	\$ 15,964,362	\$ 20,845,118
Asset Experience (Gain) or Loss	\$ (2,909,855)	\$ (4,251,109)
Liability Experience (Gain) or Loss	<u>3,214,763</u>	<u>442,790</u>
Total Experience (Gain) or Loss	\$ 304,908	\$ (3,808,319)

June 17, 2008 (I430)

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Vested Benefits		
-Active Members	\$ 27,308,771	\$ 28,179,990
-Terminated Vested Participants	958,146	1,672,376
-Retired Participants	18,988,566	22,790,433
-Disabled Participants	584,098	572,404
-Beneficiaries of Deceased Participants	<u>1,297,432</u>	<u>1,243,496</u>
Subtotal – Benefits in Force	<u>20,870,096</u>	<u>24,606,333</u>
Grand Total	\$ 49,137,013	\$ 54,458,699
Nonvested Benefits	<u>5,994,940</u>	<u>8,212,641</u>
Total Actuarial Present Value of Accumulated Plan Benefits	\$ 55,131,953	\$ 62,671,340
Pension Plan Assets		
-Market Value	\$ 52,617,029	\$ 63,172,218
-Actuarial Value	48,495,507	\$ 57,414,295
Ratio of Assets to Present Value of Vested Accumulated Plan Benefits		
-Market Value	1.071	1.160
-Actuarial Value	0.987	1.054
Ratio of Assets to Present Value of Total Accumulated Plan Benefits		
-Market Value	0.954	1.008
-Actuarial Value	0.880	0.916

June 17, 2008 (1430)

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

STATEMENT OF CHANGES IN THE PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Actuarial Present Value of Accumulated Plan Benefits, July 1, 2006	\$ 55,131,953
Plus: Increase Due to Additional Benefits Accumulated	2,251,082
Less: Benefits Paid	2,373,111
Plus: Increase Due to Decrease in the Discount Period (@ 7.25%)	4,067,076
Plus: Increase (Decrease) Due to Change in Plan Provisions	2,161,189
Plus: Increase (Decrease) Due to Change in Actuarial Assumptions	-
Plus: Actuarial Experience (Gain)/Loss and other Miscellaneous Items	<u>1,433,151</u>
Equals: Actuarial Present Value of Accumulated Plan Benefits, July 1, 2007	\$ 62,671,340

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

SUMMARY OF EMPLOYEE DATA

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
NUMBER OF MEMBERS		
Active Members		
-Vested	150	138
-Non Vested	<u>160</u>	<u>206</u>
-Total Active Members	310	344
Non Active Members		
-Retired Participants	88	96
-Disabled Participants	3	3
-Beneficiaries of Deceased Participants	41	41
-Terminated Vested Participants	<u>9</u>	<u>10</u>
-Total Non Active Members	141	150
Grand Total Members	451	494
ANNUAL BENEFITS PAYABLE FROM TRUST		
Amount of Benefits		
-Retired Participants	\$ 1,646,896	\$ 1,934,352
-Disabled Participants	51,074	51,074
-Beneficiaries of Deceased Participants	<u>190,120</u>	<u>190,120</u>
-Total Recipients	\$ 1,888,090	\$ 2,175,546
Average Benefits		
-Retired Participants	\$ 18,715	\$ 20,150
-Disabled Participants	17,025	17,025
-Beneficiaries of Deceased Participants	4,637	4,637
-Total Recipients	14,304	15,540
TERMINATED VESTED PARTICIPANTS ENTITLED TO FUTURE BENEFITS		
Estimated Deferred Annual Benefits	\$ 156,662	\$ 208,510
Estimated Average Deferred Annual Benefits	\$ 17,407	\$ 20,851

June 17, 2008 (1430)

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

DEVELOPMENT OF VALUATION ASSETS

	<u>Market</u>
TRUST ASSETS, JULY 1, 2006	\$ 52,617,029
RECEIPTS	
Employer Contributions	3,358,672
Employee Contributions	128,887
Investment Earnings	10,277,422
Miscellaneous Income	-
Total Income	<u>\$ 13,764,981</u>
DISBURSEMENTS	
Retirement and Disability Benefits Paid	\$ 2,309,217
Disability Benefits	63,894
Employee Contribution Refunds	-
Investment Expenses	768,855
Administrative Expenses	64,842
Miscellaneous Expense	2,984
Total	<u>\$ 3,209,792</u>
Ending Balance	\$ 63,172,218
TRUST ASSETS, JUNE 30, 2007	
Plus: 75% of 2006-2007 (Gain) Loss [75% of \$(5,588,700)]	(4,191,525)
Plus: 50% of 2005-2006 (Gain) Loss [50% of \$(1,425,830)]	(712,915)
Plus: 25% of 2004-2005 (Gain) Loss [25% of \$(3,413,931)]	<u>(853,483)</u>
VALUATION ASSETS, JULY 1, 2007	\$ 57,414,295

June 17, 2008 (I430)

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27

Schedule Of Funding Progress

Valuation Date	Valuation Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Anticipated Payroll	Unfunded Liability as % of Payroll
7/1/1998	28,662,989	41,678,634	13,015,645	68.77%	10,137,136	128.40%
7/1/1999	31,510,139	43,367,748	11,857,609	72.66%	11,316,592	104.78%
7/1/2000	34,367,814	46,271,711	11,903,897	74.27%	11,305,686	105.29%
7/1/2001	36,921,405	52,024,033	15,102,628	70.97%	12,486,358	120.95%
7/1/2002	37,359,789	55,884,194	18,524,405	66.85%	12,653,759	146.39%
7/1/2003	37,286,105	52,006,444	14,720,339	71.70%	11,944,204	123.24%
7/1/2004	38,772,114	50,009,686	11,237,572	77.53%	10,209,360	110.07%
7/1/2005	41,662,753	59,963,795	18,301,042	69.48%	13,222,992	138.40%
7/1/2006	48,495,507	64,764,777	16,269,270	74.88%	14,891,827	109.25%
7/1/2007	57,414,295	74,451,094	17,036,799	77.12%	17,714,833	96.17%

June 17, 2008 (1430)

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27

<u>Development Of Net Pension Obligation (NPO)</u>										
Year Beginning	Plan Year	(1) Annual Required Contrib	(2) Interest on NPO @ 7.25%	(3) ARC Adjust (8) / (4)	(4) Amort. Factor	(5) Net Pens Cost (1)+(2)-(3)	(6) Actual Employer Contrib	(7) Change in NPO (5) - (6)	(8) NPO @ BOY	NPO @ EOY (7) + (8)
7/1/1997	7/1/97 - 6/30/98	1,675,671	\$(16,690)	\$(16,570)	13.8933	1,675,551	1,724,249	(48,698)	\$(230,210)	(278,908)
7/1/1998	7/1/98 - 6/30/99	1,780,834	(20,221)	(20,170)	13.8280	1,780,783	1,799,625	(18,842)	(278,908)	(297,750)
7/1/1999	7/1/99 - 6/30/00	1,701,922	(21,587)	(21,642)	13.7581	1,701,977	1,937,275	(235,298)	(297,750)	(533,048)
7/1/2000	7/1/00 - 6/30/01	1,717,593	(38,646)	(38,957)	13.6830	1,717,904	2,025,711	(307,807)	(533,048)	(840,855)
7/1/2001	7/1/01 - 6/30/02	2,047,201	(60,962)	(61,816)	13.6025	2,048,055	1,903,946	144,109	(840,855)	(696,746)
7/1/2002	7/1/02 - 6/30/03	2,323,722	(50,514)	(51,549)	13.5162	2,324,757	1,951,517	373,240	(696,746)	(323,506)
7/1/2003	7/1/03 - 6/30/04	2,190,366	(23,454)	(24,921)	12.9812	2,191,833	2,120,058	71,775	(323,506)	(251,731)
7/1/2004	7/1/04 - 6/30/05	1,867,004	(18,250)	(19,392)	12.9812	1,868,146	2,164,609	(296,463)	(251,731)	(548,194)
7/1/2005	7/1/05 - 6/20/06	2,709,500	(39,744)	(45,292)	12.1037	2,715,048	2,498,128	216,920	(548,194)	(331,274)
7/1/2006	7/1/06 - 6/30/07	3,127,500	(24,017)	(27,370)	12.1037	3,130,853	3,358,672	(227,819)	(331,274)	(559,093)

June 17, 2008 (I430)

STATE OF INDIANA
 EXCISE POLICE, GAMING AGENT, AND
 CONSERVATION ENFORCEMENT OFFICERS'
 RETIREMENT PLAN
TEN YEAR HISTORICAL PLAN EXPERIENCE

<u>Year Ending June 30</u>	<u>Estimated Annual Rate of Investment Return</u>	
	<u>Actuarial Basis*</u>	<u>Market Basis</u>
1997	6.6%	6.7%
1998	6.9%	12.3%
1999	7.9%	11.8%
2000	6.6%	5.2%
2001	5.4%	(2.6%)
2002	0.1%	(5.3%)
2003	(0.9%)	4.5%
2004	3.0%	16.0%
2005	6.7%	9.4%
2006	15.2%	10.3%
2007	15.9%	17.8%

* "Cost Basis" for 1997 and earlier.

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN
ACTUARIAL METHODS

ACTUARIAL COST METHOD

Entry Age Normal Cost

ASSET VALUATION METHOD

Smoothed Market Value

Entry Age Normal Cost

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The unfunded actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date less the actuarial value of assets.

The effect of this valuation method is to spread all actuarial gains and losses, resulting from experience different from that anticipated in our assumptions, over a fixed period. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the initial liabilities.

Smoothed Market Value

This method determines the Valuation Assets to be equal to the Market Value of Assets as of the valuation date less a decreasing fraction ($\frac{3}{4}$, $\frac{1}{2}$, and $\frac{1}{4}$) of the difference between expected investment return and actual investment return for each of the preceding 4 years. This method was phased-in beginning July 1, 2006.

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

ACTUARIAL ASSUMPTIONS

Interest (Net of administrative expenses)	7.25% (net of administrative expenses)
Future Salary Increases	4.50%
Cost of Living Increases	1.5% compounded annually for the lifetime of benefit recipients (changed from 1.0%)
Mortality	<u>Healthy Lives</u> 1994 Group Annuity Mortality Basic for males and females <u>Disabled Lives</u> 115% of 1994 Group Annuity Mortality Basic for males and females
Disability	150% of 1964 OASDI
Termination	Sarason T-1 Table
Retirement	Based on actual experience.
Spouse's Benefit	100% of members are assumed either to be married or to have a dependent beneficiary. Males are assumed to be 5 years older than their spouses.
Administrative Expense	Netted against investment earnings

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN
SUMMARY OF MAJOR PLAN PROVISIONS

PARTICIPATION

All Indiana State Excise Police Officers, all Indiana State Conservation Enforcement officers, and all Indiana Gaming Agents must become members as a condition of employment.

ELIGIBILITY FOR ANNUITY BENEFITS:

Normal Retirement

For members hired before age 50, age 60. For members hired on or after age 50, the earlier of age 65 or completion of 10 years of service. In addition, age 50 with 25 years of service.

Early Retirement

Age 45 with 15 years of creditable service or Rule of 85 (not less than age 55)

Late Retirement

Subject to continued employment after normal retirement

Disability Retirement

As determined by a disability medical panel.

Termination

15 years of creditable service.

Pre-Retirement Death

Immediate

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Normal Retirement

The normal retirement benefit is a monthly annuity payable in a Joint and 50% Surviving Beneficiary form and is equal to 25% of average monthly earnings*, plus 1-2/3% of average monthly earnings for years of creditable service more than 10 years.

Early Retirement

The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A member may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/4% for each month that the benefit commencement date precedes age 60. There is no reduction for early commencement if the member qualifies for Rule of 85 retirement.

Late Retirement

The late retirement benefit is calculated in the same manner as the normal retirement benefit. Creditable service and earnings earned after normal retirement is included in the computation.

Disability Retirement

If disability occurs in the line of duty, the disability retirement benefit is the member's monthly salary times the degree of impairment and is payable commencing the month following disability date without reduction for early commencement. The benefit shall not be less than 20% of the member's salary if the member has more than 5 years of service, or 10% if 5 or less years of service.

If disability does not occur in the line of duty, the disability retirement benefit is equal to 50% of the member's monthly salary times the degree of impairment and is payable commencing the month following disability date without reduction for early commencement. The benefit shall not be less than 10% of the member's salary if the member has more than 5 years of service, or 5% if 5 or less years of service.

A participant continues to receive creditable service while receiving disability benefits.

*Average monthly earnings is the monthly average of earnings during the 5 years within the 10 years preceding retirement that produce the highest such average.

June 17, 2008 (I430)

STATE OF INDIANA
EXCISE POLICE, GAMING AGENT, AND
CONSERVATION ENFORCEMENT OFFICERS'
RETIREMENT PLAN

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Termination

If termination is prior to earning 15 years of service, the member shall be entitled to a lump sum refund of employee contributions plus accumulated interest.

If termination is after earning 15 years of service, the termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing of the normal retirement date. The member may elect to receive a reduced early retirement benefit.

Pre-Retirement Death

If death is prior to earning 15 years of service, the member's beneficiary or estate shall receive employee contributions plus accumulated interest.

If death is after earning 15 years of service, the spouse or dependent beneficiary is entitled to receive the monthly survivor annuity under the assumption that the member retired on the day before the date of death.

Employee Contributions

Each member is required to contribute at the rate of 4% of pay. These contributions are kept on deposit and credited with interest until such time as they are refunded or used to provide benefits at retirement.

STATE OF INDIANA
PENSION PLANS FOR
MUNICIPAL POLICE OFFICERS
AND FIREFIGHTERS
ACTUARIAL VALUATION
AS OF JANUARY 1, 2007

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STATE OF INDIANA
PENSION PLANS FOR
MUNICIPAL POLICE OFFICERS AND FIREFIGHTERS
ACTUARIAL VALUATION AS OF JANUARY 1, 2007

COMMENTS

This report consists of the actuarial valuation for the Pension Plans for Municipal Police Officers and Firefighters as of January 1, 2007. This valuation has been based upon data supplied by the staff of the Public Employees' Retirement Fund (PERF).

The 2007 valuation was prepared separately for police officers and firefighters and separately for three different groups of municipal police officers and firefighters. These groups are:

1. Members hired before May 1, 1977 who have not elected to convert to the benefit structure under the 1977 Act. There are three pension plans. (1925 Police Pension Fund, 1937 Firefighter's Pension Fund, and 1953 Police Pension Fund (Indianapolis) know collectively as the "Old Plans."
2. Members hired before May 1, 1977 who have elected to convert to the benefit structure under the 1977 Act. (Converted Members)
3. Members hired after April 30, 1977, all of whom are covered by the benefit structure under the 1977 Act. (1977 Fund).

The actuarial assumptions for the 1977 Fund were reviewed and continued from the prior actuarial valuation. The actuarial assumptions for the Old Plans were reviewed and continued from the prior actuarial valuation. The actuarial assumptions are deemed to be representative of actual and anticipated experience under the plan. A summary of the actuarial assumptions is included near the back of this report.

There are a number of differences between the benefit structure for the Old Plans and the 1977 Fund benefit structure. Some of the major differences are:

1. Under the Old Plans, members with 20 years of service may retire with 50% of salary with benefits to commence immediately.

Under the 1977 Fund, members may still retire with 20 years of service but full benefits do not commence until the attainment of age 52 (reduced benefits are available at age 50).

2. Under the Old Plans, benefits are based upon a percentage of the salary of a First Class Police Officer or a First Class Firefighter. As these salaries increase year by year, benefits are directly adjusted.

Under the 1977 Fund, benefits are increased each year based upon a cost of living adjustment which cannot exceed 3% per year. Furthermore, cost of living adjustments are made only during years when benefits are in payment status.

3. Under the Old Plans a member who terminates with less than 20 years of service will receive no benefits.

Under the 1977 Fund, a member who terminates with less than 20 years of service will receive a return of employee contributions with interest. A Converted member who terminates prior to completion of 20 years will receive no benefits.

Our valuation has two major purposes. The first purpose is to provide information as to the actuarial status for the Old Plans and Converted members. A separate report for Old Plans and Converted members shows liability figures and accounting disclosure figures according to GASB Statements #25 and #27. Benefits are funded on a "pay-as-you-go basis" under which benefits are paid out of current revenue provided by individual cities and towns and by plan members' mandatory contributions. Cities and towns receive pension relief funds from the state to reimburse them for the financial burden caused by excessive benefit expenditures. These reimbursements are paid from a special Pension Relief Fund established under the 1977 Act and maintained and administered by the PERF office.

The second major purpose of our valuation was to confirm that the benefits for the 1977 Fund are being funded in accordance with strict actuarial standards. These benefits have been funded on an actuarial basis through members' contributions of 6% of pay and contributions by the cities and towns in the amount of 21% of pay. Member contributions and contributions from cities and towns are remitted to PERF and deposited in a fund established by the 1977 Act for the purpose of funding future benefits on an actuarial basis. This fund is separate and distinct from the Pension Relief Fund.

The Pension Relief Fund is maintained through cigarette and liquor taxes and lottery revenue and is used for reimbursing cities and towns for burdensome pension expenditures. The 1977 Fund, on the other hand, is maintained by contributions from cities and towns and individual members and will be used for the purpose of paying retirement benefits for police officers and firefighters hired after April 30, 1977.

Based on the results of our valuation, we recommend that employer contributions for the 1977 pension fund be established at the level of 19.5% of covered payroll. Beginning with the 2007 valuation, smoothing rules have been applied to the employer contribution rates to help reduce wide variations in the employer contribution rates from year to year.

The financing objective is to establish contribution rates which will remain level as a percentage of payroll. It is our belief that this objective is being achieved through the current funding method and assumptions.

We will be pleased to furnish any additional information or answer the questions which may develop after your review of this report.

STATE OF INDIANA
PENSION PLANS FOR
MUNICIPAL POLICE OFFICERS AND FIREFIGHTERS

ACTUARIAL CERTIFICATION

The information and valuation results shown in this report are, to the best of my knowledge, complete and accurate and are based upon:

1. Employee census data as of January 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
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5. Actuarial methods as stated in the report and our interpretation of plan provisions as summarized in the report.

Prepared and Submitted by
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June 17, 2008 (I207)

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND
EMPLOYER CONTRIBUTION SMOOTHING

	<u>January 1, 2007</u>
POLICE OFFICERS	
Employer Annual Cost	\$ 54,080,468
Employer Annual Cost as Percent of Payroll	19.4%
FIREFIGHTERS	
Employer Annual Cost	\$ 54,939,197
Employer Annual Cost as Percent of Payroll	19.7%
TOTAL	
Employer Annual Cost	\$ 108,740,672
Employer Annual Cost as Percent of Payroll	19.5%

Smoothing rules:

1. Any increase or decrease between the current year's true rate and the previous year's actual rate shall be limited to one-half the increase or decrease rounded up to the next 0.25% multiple.
2. After the smoothing described above, any decrease in the employer rate shall be equal to the excess, if any, of the decrease over 1%.

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND

EMPLOYER CONTRIBUTION BREAKDOWN AND COMPARISON

	<u>2 0 0 6</u>		<u>2 0 0 7</u>
	<u>30-Year Amortization</u>	<u>10-Year Amortization</u>	<u>30-Year Amortization</u>
<u>POLICE OFFICERS</u>			
Normal Cost	\$ 62,294,892	\$ 62,294,892	\$ 66,705,466
Plus: Unfunded Liability Payment*	2,576,069	4,490,752	(8,088,244)
Plus: Interest for Half Year	2,351,572	2,420,980	2,124,874
Less: Employee Contributions	<u>15,846,203</u>	<u>15,846,203</u>	<u>16,704,458</u>
Equals: Total Employer Contribution	\$ 51,376,300	\$ 53,360,421	\$ 44,037,638
Total as a % of Payroll	19.4%	20.2%	15.8%
<u>FIREFIGHTERS</u>			
Normal Cost	\$ 62,119,284	\$ 62,119,284	\$ 68,346,496
Plus: Unfunded Liability Payment*	2,590,408	4,515,748	(8,165,072)
Plus: Interest for Half Year	2,345,726	2,415,520	2,181,577
Less: Employee Contributions	<u>15,467,505</u>	<u>15,467,505</u>	<u>16,726,940</u>
Equals: Total Employer Contribution	\$ 51,587,913	\$ 53,583,047	\$ 45,636,061
Total as a % of Payroll	20.0%	20.8%	16.4%
<u>TOTAL</u>			
Normal Cost	\$ 124,414,176	\$ 124,414,176	\$ 135,051,962
Plus: Unfunded Liability Payment*	5,166,477	9,006,500	(16,253,316)
Plus: Interest for Half Year	4,697,298	4,836,500	4,306,451
Less: Employee Contributions	<u>31,313,708</u>	<u>31,313,708</u>	<u>33,431,398</u>
Equals: Total Employer Contribution	\$ 102,964,243	\$ 106,943,468	\$ 89,673,699
Total as a % of Payroll	19.7%	20.5%	16.1%

* 30-Year or 10-Year Amortization from Valuation Date.
June 17, 2008 (I207)

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND
DEVELOPMENT AND COMPARISON OF UNFUNDED ACTUARIAL LIABILITY

	<u>January 1, 2006</u>	<u>January 1, 2007</u>
Actuarial Accrued Liability		
- Active Participants	\$ 1,860,565,767	\$ 2,044,051,652
- Terminated Vested Participants	50,989,203	56,885,846
- Nonvested Terminations	-	1,960,063
Subtotal	<u>\$ 1,911,554,970</u>	<u>\$ 2,102,897,561</u>
- Retired Participants	264,717,305	290,959,589
- Disabled Participants	161,064,656	173,236,181
- Beneficiaries	77,715,768	82,431,902
Subtotal - Benefits in Force	<u>\$ 503,497,729</u>	<u>\$ 546,627,672</u>
Grand Total	<u>\$ 2,415,052,699</u>	<u>\$ 2,649,525,233</u>
Less: Valuation Assets	2,347,985,745	2,860,512,434
Equals: Actual Unfunded Liability	<u>\$ 67,066,954</u>	<u>\$ (210,987,201)</u>
Funded Status	97.2%	108.0%
Unfunded Liability, prior year	\$ 87,265,401	\$ 67,066,954
Less: Amortizations, prior year	11,719,000	9,006,500
Plus: Interest for Full Year	5,477,114	4,209,383
Plus: Plan Changes	-	-
Plus: Actuarial Assumption Change	-	-
Equals: Expected Unfunded Liability	<u>\$ 81,023,515</u>	<u>\$ 62,269,837</u>
Asset Experience (Gain) or Loss	\$ (104,467,011)	\$ (200,420,443)
Liability Experience (Gain) or Loss	90,510,450	(72,836,595)
Total Experience (Gain) or Loss	<u>\$ (13,956,561)</u>	<u>\$ (273,257,038)</u>
Average Increase in Certified 1st Class Pay	3.03%	3.88%

June 17, 2008 (I207)

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND
UNFUNDED ACTUARIAL LIABILITY BREAKDOWN

	January 1, 2007		
	Police Officers	Firefighters	Total
Actuarial Accrued Liability			
- Active Participants	\$ 1,003,205,522	\$ 1,040,846,130	\$ 2,044,051,652
- Terminated Vested Participants	35,948,141	20,937,705	56,885,846
- Nonvested Terminations	1,362,671	597,392	1,960,06
Subtotal	\$ 1,040,516,334	\$ 1,062,381,227	\$ 2,102,897,561
- Retired Participants	157,429,672	133,529,917	290,959,589
- Disabled Participants	80,134,959	93,101,222	173,236,181
- Beneficiaries	40,419,615	42,012,287	82,431,902
Subtotal - Benefits in Force	\$ 277,984,246	\$ 268,643,426	\$ 546,627,672
Grand Total	\$ 1,318,500,580	\$ 1,331,024,653	\$ 2,649,525,233
Less: Valuation Assets			2,860,512,434
Equals: Actual Unfunded Liability	\$ (104,994,942)	\$ (105,992,259)	\$ (210,987,201)
Funded Status			108.0%
Unfunded Liability, prior year			\$ 67,066,954
Less: Amortizations, prior year			9,006,500
Plus: Interest for Full Year			4,209,38
Plus: Plan Changes			-
Plus: Actuarial Assumption Change			-
Equals: Expected Unfunded Liability			\$ 62,269,837
Asset Experience (Gain) or Loss			\$ (200,420,443)
Liability Experience (Gain) or Loss			(72,836,595)
Total Experience (Gain) or Loss			\$ (273,257,038)

June 17, 2008 (I207)

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND

DEVELOPMENT OF VALUATION ASSETS

	<u>Market</u>
TRUST ASSETS, JANUARY 1, 2006	\$2,550,395,049
RECEIPTS	
Employer Contributions	143,271,720
Member Contributions	40,930,600
Net Investment Income	360,728,807
Misc. Income	76,065
Total	\$ 545,007,192
DISBURSEMENTS	
Retirement and Disability Benefits	\$ 44,261,595
Death Benefits	39,885
Refund of Contributions and Interest	2,986,698
Administrative Expenses	2,166,728
Total	\$ 49,454,906
TRUST ASSETS, DECEMBER 31, 2006	\$ 3,045,947,335
Plus: 75% of 2006 (Gain) Loss [75% of \$(168,771,365)]	(126,578,524)
Plus: 50% of 2005 (Gain) Loss [50% of \$(13,102,962)]	(6,551,481)
Plus: 25% of 2004 (Gain) Loss [25% of \$(209,219,584)]	(52,304,896)
VALUATION ASSETS, JANUARY 1, 2007	\$ 2,860,512,434

As of December 31, 2006, the Pension Relief Fund assets were \$285,055,863 on a market value basis.

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1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND

NUMBER OF MEMBERS

	<u>January 1, 2006</u>	<u>January 1, 2007</u>
<u>POLICE OFFICERS</u>		
Active - Vested	960	1,094
Non Vested	<u>4,997</u>	<u>4,947</u>
Total	5,957	6,041
Terminated Vested Participants	115	117
Retired Participants	546	583
Disabled Participants	265	280
Beneficiaries of Deceased Participants	<u>271</u>	<u>287</u>
Grand Total	7,154	7,308
<u>FIREFIGHTERS</u>		
Active - Vested	1,088	1,211
Non Vested	<u>4,683</u>	<u>4,804</u>
Total	5,771	6,015
Terminated Vested Participants	57	63
Retired Participants	484	514
Disabled Participants	289	309
Beneficiaries of Deceased Participants	<u>272</u>	<u>292</u>
Grand Total	6,873	7,193
<u>TOTAL</u>		
Active - Vested	2,048	2,305
Non Vested	<u>9,680</u>	<u>9,751</u>
Total	11,728	12,056
Terminated Vested Participants	172	180
Retired Participants	1,030	1,097
Disabled Participants	554	589
Beneficiaries of Deceased Participants	<u>543</u>	<u>579</u>
Grand Total	14,027	14,501

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1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND
VALUATION AND MEMBER DATA

	<u>January 1, 2006</u>	<u>January 1, 2007</u>
ACTIVE MEMBERS - ANNUAL SALARIES		
POLICE OFFICERS	\$ 264,363,562	\$ 278,765,297
FIREFIGHTERS	<u>257,863,701</u>	<u>278,879,175</u>
TOTAL	\$ 522,227,263	\$ 557,644,472
ANTICIPATED ANNUAL BENEFITS PAYABLE		
POLICE OFFICERS		
Retired Participants	\$ 10,493,294	\$ 11,470,418
Disabled Participants	4,629,409	4,944,715
Beneficiaries	<u>4,159,068</u>	<u>4,464,669</u>
Total	\$ 19,281,771	\$ 20,879,802
FIREFIGHTERS		
Retired Participants	\$ 9,695,051	\$ 10,558,225
Disabled Participants	5,356,206	5,839,339
Beneficiaries	<u>4,314,721</u>	<u>4,696,023</u>
Total	\$ 19,365,978	\$ 21,093,587
TOTAL		
Retired Participants	\$ 20,188,345	\$ 22,028,643
Disabled Participants	9,985,615	10,784,054
Beneficiaries	<u>8,473,789</u>	<u>9,160,692</u>
Total	\$ 38,647,749	\$ 41,973,389

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND

DEVELOPMENT AND COMPARISON OF ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

	<u>January 1, 2006</u>	<u>January 1, 2007</u>
Vested Benefits		
-Active Participants	\$ 565,166,479	\$ 890,887,768
-Terminated Vested Participants	<u>50,989,203</u>	<u>56,885,846</u>
Subtotal	\$ 616,155,682	\$ 947,773,614
 -Retired Participants	 \$ 264,717,305	 \$ 290,959,589
-Disabled Participants	161,064,656	173,236,181
-Beneficiaries	<u>77,715,768</u>	<u>82,431,902</u>
Subtotal – Benefits in Force	\$ 503,497,729	\$ 546,627,672
 Grand Total	 \$ 1,119,653,411	 \$ 1,494,401,286
Nonvested Benefits	<u>1,154,591,455</u>	<u>1,093,367,486</u>
Total Actuarial PVAB	\$ 2,274,244,866	\$ 2,587,768,772
 Pension Plan Assets		
-Market Value	\$ 2,550,395,049	\$ 3,045,947,335
-Actuarial Value	2,347,985,745	2,860,512,434
 Ratio of Assets to PVVB		
-Market Value	2.278	2.038
-Actuarial Value	2.097	1.914
 Ratio of Assets to PVAB		
-Market Value	1.121	1.177
-Actuarial Value	1.032	1.105

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1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

	January 1, 2007		
	Police Officers	Firefighters	Total
Vested Benefits			
-Active Members	\$ 420,943,704	\$ 469,944,064	\$ 890,887,768
-Terminated Vested Participants	<u>35,948,141</u>	<u>20,937,705</u>	<u>56,885,846</u>
Subtotal	\$ 456,891,845	\$ 490,881,769	\$ 947,773,614
-Retired Participants	\$ 157,429,672	\$ 133,529,917	\$ 290,959,589
-Disabled Participants	80,134,959	93,101,222	173,236,181
-Beneficiaries of Deceased Participants	<u>40,419,615</u>	<u>42,012,287</u>	<u>82,431,902</u>
Subtotal – Benefits in Force	\$ 277,984,246	\$ 268,643,426	\$ 546,627,672
Grand Total	\$ 734,876,091	\$ 759,525,195	\$ 1,494,401,286
Non vested Benefits	<u>537,855,251</u>	<u>555,512,2325</u>	<u>1,093,367,486</u>
Total Actuarial PVAB	\$ 1,272,731,342	\$ 1,315,037,430	\$ 2,587,768,772
Pension Plan Assets			
-Market Value			\$ 3,045,947,335
-Actuarial Value			2,860,512,434
Ratio of Assets to PVVB			
-Market Value			2.038
-Actuarial Value			1.914
Ratio of Assets to PVAB			
-Market Value			1.177
-Actuarial Value			1.105

June 17, 2008 (I207)

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND

HISTORICAL EXHIBIT

ACTUARIAL EMPLOYER CONTRIBUTION AS A PERCENT OF FIRST CLASS SALARY

<u>Valuation Date</u>	<u>Actuarial Employer Contribution as a Percent of First Class Salary</u>	<u>Valuation Date</u>	<u>Actuarial Employer Contribution as a Percent of First Class Salary</u>
January 1, 1980	21.6%	January 1, 1995	23.3%
January 1, 1981	21.6%	January 1, 1996	23.5%
January 1, 1982	21.4%	January 1, 1997	21.6%*
January 1, 1983	21.3%	January 1, 1998	21.8%
January 1, 1986	20.6%	January 1, 1999	24.1%**
January 1, 1988	23.0%	January 1, 2000	23.5%
January 1, 1989	24.5%	January 1, 2001	23.6%
January 1, 1990	25.2%	January 1, 2002	24.9%
January 1, 1991	24.3%	January 1, 2003	20.2%***
January 1, 1992	24.3%	January 1, 2004	19.8%
January 1, 1993	24.1%	January 1, 2005	19.7%
January 1, 1994	23.5%	January 1, 2006	19.7%
		January 1, 2007	16.1%

* Actuarial assumptions changed

** Actuarial assumptions changed and plan provisions revised (SB 120)

*** Actuarial assumptions changed

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND

REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27

Schedule of Funding Progress

<u>Valuation Date</u>	<u>Valuation Assets</u>	<u>Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Anticipated Payroll</u>	<u>Unfunded Liab. As % Of Payroll</u>
1/1/1998	\$ 1,044,360,500	\$ 952,404,900	\$ (91,955,600)	109.7%	\$ 291,478,600	0.0%
1/1/1999	1,184,904,900	1,315,275,200	130,370,300	90.1%	321,348,400	40.6%
1/1/2000	1,338,554,400	1,451,453,800	112,899,400	92.2%	352,376,700	32.0%
1/1/2001	1,491,030,100	1,620,294,000	129,263,900	92.0%	389,200,300	33.2%
1/1/2002	1,615,245,000	1,808,754,000	193,509,000	89.3%	396,246,100	48.8%
1/1/2003	1,660,445,400	1,766,845,800	106,400,400	94.0%	432,954,100	24.6%
1/1/2004	1,797,124,400	1,875,518,200	78,393,800	95.8%	469,750,100	16.7%
1/1/2005	1,976,905,006	2,064,170,407	87,265,401	95.8%	493,705,564	17.7%
1/1/2006	2,347,985,745	2,415,052,699	67,066,954	97.2%	522,227,263	12.8%
1/1/2007	2,860,512,434	2,649,525,233	(210,987,201)	108.0%	557,644,472	0.0%

1977 POLICE OFFICERS' AND FIREFIGHTERS'
PENSION AND DISABILITY FUND

REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27

Development of Net Pension Obligation (NPO)

<u>Valuation Date</u>	<u>Plan Year</u>	(1) <u>Annual Required Contrib.</u>	(2) <u>Interest On NPO @ 7.50%</u>	(3) <u>ARC Adjust. (8)/(4)</u>	(4) <u>Amort. Factor</u>	(5) <u>Net Pens. Cost (1)+(2)-(3)</u>	(6) <u>Actual Employer Contrib.</u>	(7) <u>Change In NPO (5) - (6)</u>	(8) <u>NPO @ BOY</u>	(9) <u>NPO @ EOY (7) + (8)</u>
1/1/1998	1/1/98 – 12/31/99	\$63,382,300	-	-	12.7272	\$ 63,682,300	\$ 63,860,200	\$ (177,900)	-	\$ (177,900)
1/1/1999	1/1/99 – 12/31/00	77,365,800	(13,300)	(15,100)	11.8104	77,367,600	70,219,400	7,148,200	(177,900)	6,970,300
1/1/2000	1/1/00 – 12/31/01	82,654,700	522,800	590,200	11.8104	82,587,300	76,701,400	5,885,900	6,970,300	12,856,200
1/1/2001	1/1/01 – 12/31/02	91,914,300	964,200	1,088,600	11.8104	91,789,900	89,974,600	1,815,300	12,856,200	14,671,500
1/1/2002	1/1/02 – 12/31/03	98,686,900	1,100,400	1,242,300	11.8104	98,545,000	85,945,800	12,599,200	14,671,500	27,270,700
1/1/2003	1/1/03 - 12/31/04	87,253,000	1,977,100	2,253,100	12.1037	86,977,000	95,024,700	(8,047,700)	27,270,700	19,223,000
1/1/2004	1/1/04 - 12/31/05	92,833,700	1,393,700	1,588,200	12.1037	92,639,200	102,903,400	(10,264,200)	19,223,000	8,958,800
1/1/2005	1/1/05 - 12/31/06	97,286,400	649,513	740,170	12.1037	97,195,743	108,768,209	(11,572,466)	8,958,800	(2,613,666)
1/1/2006	1/1/06 – 12/31/06	102,964,243	(189,491)	(215,939)	12.0137	102,990,671	143,271,720	(40,281,029)	(2,613,666)	42,894,695

CITY ADMINISTERED POLICE AND FIRE
PENSION FUNDS

CONTRIBUTION CALCULATION

		January 1, 2006			January 1, 2007		
		Old Plans	Converted	Total	Old Plans	Converted	Total
POLICE OFFICERS							
	Normal Cost	\$ 2,370,253	\$ 3,154,908	\$ 5,525,161	\$ 1,948,413	\$ 2,641,490	\$ 4,589,903
Plus:	UAL Payment*	97,744,579	16,541,768	114,286,347	99,984,079	15,817,861	115,801,940
Plus:	½ Year Interest	3,003,445	590,900	3,594,345	3,057,975	553,781	3,611,756
Less:	Employee Contrib	184,133	346,942	531,075	128,555	248,536	377,091
Equals:	Total	\$102,934,144	\$ 19,940,634	\$122,874,778	\$104,861,912	\$ 18,764,596	\$ 123,626,508
FIREFIGHTERS							
	Normal Cost	\$ 3,049,840	\$ 2,993,447	\$ 6,043,287	\$ 2,089,331	\$ 2,403,402	\$ 4,492,733
Plus:	UAL Payment*	91,474,810	15,785,920	107,260,730	91,048,183	14,756,468	105,804,651
Plus:	½ Year Interest	2,835,740	563,381	3,399,121	2,794,125	514,796	3,308,921
Less:	Employee Contrib	237,549	308,299	545,848	154,926	209,688	364,614
Equals:	Total	\$ 97,122,841	\$ 19,034,449	\$116,157,290	\$ 95,776,713	\$ 17,464,978	\$ 113,241,691
TOTAL							
	Normal Cost	\$ 5,420,093	\$ 6,148,355	\$ 11,568,448	\$ 4,037,744	\$ 5,044,892	\$ 9,082,636
Plus:	UAL Payment*	189,219,389	32,327,688	221,547,077	191,032,262	30,574,329	221,606,591
Plus:	½ Year Interest	5,829,184	1,154,281	6,993,465	5,852,100	1,068,577	6,920,677
Less:	Employee Contrib	421,682	655,241	1,076,923	283,481	458,224	741,705
Equals:	Total	\$200,056,984	\$ 38,975,083	\$239,032,067	\$200,638,625	\$ 36,229,574	\$ 236,868,199

*30-Year Amortization from January 1, 2005

CITY ADMINISTERED POLICE AND FIRE
PENSION FUNDS

ACCRUED LIABILITY

	January 1, 2006			January 1, 2007		
	<u>Old Plans</u>	<u>Converted</u>	<u>Total</u>	<u>Old Plans</u>	<u>Converted</u>	<u>Total</u>
POLICE OFFICERS						
Accrued Liability						
Active Participants	\$ 113,134,692	\$ 125,398,691	\$ 238,533,383	\$ 945,412,797	\$ 106,125,002	\$ 201,537,799
TV Participants	-	780,886	780,886	-	2,347,790	2,347,790
Retired Participants	1,081,523,904	108,813,535	1,190,337,439	1,117,780,261	112,986,860	1,230,767,121
Disabled Participants	48,511,872	1,665,127	50,176,999	46,721,079	1,629,700	48,350,779
Beneficiaries	<u>164,953,991</u>	<u>1,645,185</u>	<u>166,599,176</u>	<u>160,913,030</u>	<u>1,690,906</u>	<u>162,603,939</u>
Total Accrued Liability	\$1,408,124,459	\$ 238,303,424	\$ 1,646,427,883	\$1,420,827,167	\$ 224,780,258	\$ 1,645,507,425
FIREFIGHTERS						
Accrued Liability						
Active Participants	\$ 139,537,914	\$ 115,923,680	\$ 255,461,594	\$ 98,727,848	\$ 94,495,330	\$ 193,223,178
TV Participants	-	2,256,330	2,256,330	853,074	858,184	1,711,258
Retired Participants	924,640,573	103,186,003	1,027,826,576	950,535,057	108,047,195	1,058,400,252
Disabled Participants	93,806,285	3,542,537	97,348,822	90,788,550	3,470,581	94,259,131
Beneficiaries	<u>159,816,374</u>	<u>2,506,014</u>	<u>162,322,388</u>	<u>153,120,781</u>	<u>2,825,998</u>	<u>155,946,779</u>
Total Accrued Liability	\$1,317,801,146	\$ 227,414,564	\$ 1,545,215,710	\$1,293,843,310	\$ 209,697,288	\$ 1,503,540,598
TOTAL						
Accrued Liability						
Active Participants	\$ 252,672,606	\$ 241,322,371	\$ 493,994,977	\$ 194,140,645	\$ 200,620,332	\$ 394,760,677
TV Participants	-	3,037,216	3,037,216	853,074	3,205,974	4,059,048
Retired Participants	2,006,164,477	211,999,538	2,218,164,015	2,068,133,318	221,034,055	2,289,167,373
Disabled Participants	142,318,157	5,207,664	147,525,821	137,509,629	5,100,281	142,609,910
Beneficiaries	<u>324,770,365</u>	<u>4,151,199</u>	<u>328,921,564</u>	<u>314,033,811</u>	<u>4,516,904</u>	<u>318,550,715</u>
Total Accrued Liability	\$2,725,925,605	\$ 465,717,988	\$ 3,191,643,593	\$2,714,670,477	\$ 434,477,546	\$ 3,149,148,023

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CITY ADMINISTERED POLICE AND FIRE
PENSION FUNDS

EMPLOYEE DATA

	January 1, 2006			January 1, 2007		
	Old Plans	Converted	Total	Old Plans	Converted	Total
POLICE OFFICERS						
Active -Vested	199	254	453	162	204	366
-Non Vested	-	2	2	-	1	1
-Total	199	256	455	162	205	367
Terminated Vested	-	2	2	-	6	6
Retired Participants	2,928	313	3,241	2,974	377	3,351
Disabled Participants	160	4	164	159	4	163
Beneficiaries	1,355	6	1,361	1,372	6	1,378
Grand Total	4,642	581	5,223	4,667	598	5,265
FIREFIGHTERS						
Active -Vested	253	238	491	173	189	362
-Non Vested	4	1	5	2	1	3
-Total	257	239	496	175	190	365
Terminated Vested	-	6	6	1	2	3
Retired Participants	2,543	320	2,863	2,625	373	2,998
Disabled Participants	297	9	306	297	9	306
Beneficiaries	1,411	12	1,423	1,370	14	1,384
Grand Total	4,508	586	5,094	4,468	588	5,056
TOTAL						
Active -Vested	452	492	944	335	393	728
-Non Vested	4	3	7	2	2	4
-Total	456	495	951	337	395	732
Terminated Vested	-	8	8	1	8	9
Retired Participants	5,471	633	6,104	5,599	750	6,349
Disabled Participants	457	13	470	456	13	469
Beneficiaries	2,766	18	2,784	2,742	20	2,762
Grand Total	9,150	1,167	10,317	9,135	1,186	10,321

CITY ADMINISTERED POLICE AND FIRE
PENSION FUNDS

VALUATION DATA DETAILS

	January 1, 2006			January 1, 2007		
	Old Plans	Converted	Total	Old Plans	Converted	Total
<u>ACTIVE MEMBERS - ANNUAL SALARIES</u>						
POLICE OFFICERS	\$ 9,304,013	\$ 11,586,250	\$ 20,890,262	\$ 7,911,845	\$ 9,745,045	\$ 17,656,890
FIREFIGHTERS	<u>11,744,122</u>	<u>10,682,390</u>	<u>22,426,512</u>	<u>8,283,990</u>	<u>8,708,747</u>	<u>16,992,737</u>
TOTAL	\$ 21,048,134	\$ 22,268,640	\$ 43,316,774	\$ 16,195,835	\$ 18,453,792	\$ 34,649,627
<u>ANTICIPATED ANNUAL BENEFITS PAYABLE</u>						
POLICE OFFICERS						
Retired Participants	\$ 73,418,176	\$ 8,889,212	\$ 82,307,388	\$ 79,571,165	\$ 11,050,687	\$ 90,621,852
Disabled Participants	3,139,247	93,254	3,232,501	3,123,273	93,254	3,216,527
Beneficiaries	<u>15,981,221</u>	<u>85,510</u>	<u>16,066,731</u>	<u>16,138,231</u>	<u>89,594</u>	<u>16,227,825</u>
Total	\$ 92,538,644	\$ 9,067,976	\$ 101,606,620	\$ 98,832,669	\$ 11,233,535	\$ 110,066,204
FIREFIGHTERS						
Retired Participants	\$ 67,816,266	\$ 9,167,868	\$ 76,984,134	\$ 74,101,753	\$ 11,178,711	\$ 85,280,464
Disabled Participants	6,375,533	208,001	6,583,534	6,382,867	208,503	6,591,370
Beneficiaries	<u>16,877,827</u>	<u>155,651</u>	<u>17,033,478</u>	<u>16,492,268</u>	<u>175,062</u>	<u>16,667,330</u>
Total	\$ 91,069,626	\$ 9,531,520	\$ 100,601,146	\$ 96,976,888	\$ 11,562,276	\$ 108,539,164
TOTAL						
Retired Participants	\$ 141,234,442	\$ 18,057,080	\$ 159,291,522	\$ 153,672,918	\$ 22,229,398	\$ 175,902,316
Disabled Participants	9,514,780	301,255	9,816,035	9,506,140	301,757	9,807,897
Beneficiaries	<u>32,859,048</u>	<u>241,161</u>	<u>33,100,209</u>	<u>32,630,499</u>	<u>264,656</u>	<u>32,895,155</u>
Total	\$ 183,608,270	\$ 18,599,496	\$ 202,207,766	\$ 195,809,557	\$ 22,795,811	\$ 218,605,368

ACTUARIAL METHODS

	<u>CITY ADMINISTERED</u>		<u>STATE ADMIN.</u>
	<u>Hired Before 5/1/77 Old Plans</u>	<u>Hired Before 5/1/77 Converted</u>	<u>Hired After 4/30/77 1977 Fund</u>
ACTUARIAL COST METHOD FOR FUNDING PURPOSES	Pay-As-You-Go	Pay-As-You-Go	Entry Age Normal Cost
ACTUARIAL COST METHOD FOR GASB #25 AND #27	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
ASSET VALUATION METHOD	Not Applicable	Not Applicable	Smoothed Basis*

Entry Age Normal Cost

The normal cost is calculated separately for each active member and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The unfunded actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date less the actuarial value of assets.

The effect of this valuation method is to amortize all actuarial gains and losses, resulting from experience different from that anticipated in our assumptions, over a fixed amortization period. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the unfunded liabilities.

*This method determines the Valuation Assets to be equal to the Market Value of Assets as of the valuation date less a decreasing fraction (3/4, 1/2, and 1/4) of the difference between expected investment return and actual investment return for each of the preceding 4 years. This method was phased-in beginning January 1, 2006.

ACTUARIAL ASSUMPTIONS

	<u>CITY ADMINISTERED</u>		<u>STATE ADMINISTERED</u>
	<u>Hired Before 5/1/77 Old Plans</u>	<u>Hired Before 5/1/77 Converted</u>	<u>Hired After 4/30/77 1977 Fund</u>
Interest Rate (Net of Administrative Expense)	6.00%	6.00%	7.25%
Future Salary Increases	4.00%	4.00%	4.00%
Cost-of-Living Increases	4.00%	2.75%	2.75%
Mortality	UP-94	UP-94	UP-94
Disability	150% of 1964 OASDI	150% of 1964 OASDI	150% of 1964 OASDI
Post-Disability Mortality	115% of UP-94	115% of UP-94	115% of UP-94
Termination	Sarason T-1	Sarason T-1	Sarason T-1
Administrative Expense	None	None	None

-Continued-

CITY ADMINISTERED

STATE ADMINISTERED

Hired Before 5/1/77

Converted

Hired After 4/30/77

1977 Fund

Retirement rates between ages 50 and 70, based on actual experience from 1998 through 2002:

Retirement rates between ages 50 and 70, based on actual experience from 1998 through 2002:

<u>Ages</u>	<u>% Retirements</u>
50 - 51	10% each
52 - 64	20% each
65 - 69	50% each
70+	100% each

<u>Ages</u>	<u>% Retirements</u>
50 - 51	10% each
52 - 64	20% each
65 - 69	50% each
70+	100% each

However, 100% retirement at age 65 or over with completion of 32 years of service.

However, 100% retirement at age 70 or over with completion of 32 years of service. .

SUMMARY OF MAJOR PLAN PROVISIONS
(Old Plans. . .Non-Converted Members)

Retirement After 20 Years

The retirement benefit is equal to 50% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter with 20 years of service, plus an additional 1% for each completed 6 months of service over 20 years to a maximum of 74% with 32 years of service. The benefit is payable immediately upon retirement without actuarial reduction.

Actuarial Assumptions: Benefits were assumed to be payable immediately on retirement (after 20 or more years of service).

Disability

The disability benefit is equal to a sum determined by the local board, but not exceeding 55% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter. If a member has more than 20 years of service, the disability benefit, if greater, will be equal to the pension the member would have received if the member had retired on the date of disability. Time spent receiving disability benefits is considered active service for the purpose of determining retirement benefits until the fund member has a total of 20 years of service. If the disability is considered to have occurred while on duty or due to a duty related disease then the member is entitled to have the amount of the disability benefit to be computed as a retirement benefit when the fund member becomes age 55.

Actuarial Assumptions: Rates of disability were applied up to age 65. The disability benefit is assumed to be the greater of 55% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter, or the pension the member would have received had the member retired on the date of the disability.

SUMMARY OF MAJOR PLAN PROVISIONS, Continued
(Old Plans. . .Non-Converted Members)

Benefits for Surviving Spouse

If a member dies other than in the line of duty, the spouse's benefit is equal to the greater of 30% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter or 55% of the monthly benefit the member was receiving or was entitled to receive on the date of death.

If a member dies in the line of duty, the spouse's benefit is equal to the greater of 50% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter or 100% of the monthly benefit the member was receiving or was entitled to receive on the date of death.

Actuarial Assumptions: Under the assumption that 10% of deaths are line of duty and 90% are other than line of duty, we have assumed a 60% continuation of the member's accrued benefit to the surviving spouse. If marital status or spouse information was not available, then we assumed 90% of the members were married with the male spouse 3 years older than the female spouse.

Additional Death Benefits

A funeral death benefit is paid to the heirs or estate upon the member's death from any cause in an amount fixed by ordinance but at least \$9,000. An additional death benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent or parents if death occurs during line of duty.

Actuarial Assumptions: The funeral death benefit was valued directly while the member is alive. The additional \$150,000 was not valued as it is funded by the Pension Relief Fund.

SUMMARY OF MAJOR PLAN PROVISIONS, Continued
(Old Plans. . .Non-Converted Members)

Benefits for Children,
Not a Line of Duty Death

A payment shall be made to each child of a deceased member equal to an amount set by ordinance but at least 20% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter until the later of (a) the date the child becomes age 18, (b) the date the child becomes age 23 if enrolled in a qualified school, or (c) during the entire period of the child's disability. Total benefits payable to a surviving spouse and surviving children may not exceed the retirement benefit of the member.

Actuarial Assumptions: These benefits were not directly valued for active members or for retired or disabled members. Benefits in payment status were valued directly and were assumed to cease at age 18 or, if date of birth was not available, 6 years from the valuation date.

Benefits for Children,
Line of Duty Death

A payment shall be made to each child of a deceased member less than age 18 equal to an amount set by ordinance but at least 20% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter until the later of (a) when the child becomes age 18, (b) when the child becomes age 23 if enrolled in a qualified school, or (c) during the entire period of the child's disability. An additional amount shall be payable under the same conditions as the preceding sentence in an amount set by ordinance, but the total additional benefit to all the member's children may not exceed a total of 50% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter. The limitation of the additional amount shall not apply to any disabled children.

Actuarial Assumptions: These benefits were not directly valued for active members or for retired or disabled members. Benefits in payment status were valued directly and were assumed to cease at age 18 or, if date of birth was not available, 6 years from the valuation date.

SUMMARY OF MAJOR PLAN PROVISIONS, Continued
(Old Plans. . .Non-Converted Members)

Benefits for Dependent Parents

If a deceased member leaves no surviving spouse and no qualified child but does leave a dependent parent or parents, an amount equal to 20% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter shall be paid to the parent or parents jointly during their dependency. If the salary (with longevity pay) of a First Class Police Officer or Firefighter is increased or decreased, the pension payable shall be proportionately increased or decreased.

Actuarial Assumptions: These benefits were not directly valued for active members or for retired or disabled members. Benefits in payment status were valued directly and were assumed to be payable for the lifetime of any parent.

Employment Termination Prior to
To 20 Years of Service

If a member ends employment other than by death or disability before completing 20 years of active service, no benefits are payable.

Post-Retirement Benefit Increases

If the salary (with longevity pay) of a First Class Police Officer or Firefighter is increased or decreased, the pension payable shall be proportionately increased or decreased. However, the monthly pension payable to a member or survivor may not be reduced below the amount of the first full monthly pension received by that person.

Actuarial Assumptions: Benefits are assumed to increase annually at the same rate as the assumed salary scale.

Employee Contributions

Members are assumed to contribute at the rate of 6% of salary until they have completed 32 years of service.

Salary (with longevity pay) for
First Class Police Officers
and First Class Firefighters

As reported for Pension Relief.

SUMMARY OF MAJOR PLAN PROVISIONS, Continued
(1977 Fund and Old Plans. . .Converted Members)

Retirement After 20 Years

The retirement benefit valued was 50% of the monthly salary (with longevity pay) of a First Class Police Officer and Firefighter with 20 years of service, plus an additional 1% for each completed 6 months of service over 20 years to a maximum of 74% with 32 years of service. Retirement benefits are reduced by 7% per year if they commence between ages 50 and 52.

Actuarial Assumptions: The benefit is assumed to be deferred until age 50 (or paid immediately in the case of retirement on or after age 50).

Disability, Hired Before 1990

This disability benefit is only available to members hired prior to January 1, 1990 and who do not choose to be covered by the disability benefit for members hired after 1989. The disability benefit is equal to the benefit the member would have received if the member had retired. If the member does not have 20 years of service or is not at least age 52 on the date of disability, the benefit is computed as if the member does have 20 years of service and is age 52 on the date of disability.

Actuarial Assumptions: All members hired before 1990 were assumed to be covered by this disability benefit.

SUMMARY OF MAJOR PLAN PROVISIONS, Continued
(1977 Fund and Old Plans. . .Converted Members)

Disability, Hired After 1989

This disability benefit is for members hired after 1989, or hired prior to January 1, 1990 who have chosen to be covered by this disability benefit.

Class 1 Impairment: If a member has a Class 1 impairment (an impairment incurred in the line of duty or due to an occupational disease), the disability benefit is equal to a base benefit of 45% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter. The member is entitled to an additional amount between 10% and 45% of this salary based on the degree of impairment. The benefit is payable until age 52 at which time the member is entitled to a retirement benefit based on the salary and service the member would have earned had the member remained in active service.

Class 2 Impairment: If a member has a Class 2 impairment (an impairment due to a duty related disease), the disability benefit is equal to a base benefit of 22% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter plus an additional 0.5% of this salary for each year of service up to a maximum of 30 years of service. The member is entitled to an additional amount between 10% and 45% of this salary based on the degree of impairment. If the member's total benefit is less than 30% of this salary and the member has fewer than 4 years of service then the benefit is payable for a period equal to the years of service of the member. Otherwise the benefit is payable until age 52 at which time the member is entitled to a retirement benefit based on the salary and service the member would have earned had the member remained in active service.

Class 3 Impairment: If a member has a Class 3 impairment (a covered impairment that is not Class 1 or Class 2), the disability benefit is equal to a base benefit of 1% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter for each year of service up to a maximum of 30 years of service. The member is entitled to an additional amount between 10% and 45% of this salary based on the degree of impairment. If the member's total benefit is less than 30% of this salary and the member has fewer than 4 years of service then the benefit is payable for a period equal to the years of service of the member. Otherwise the benefit is payable until age 52 at which time the member is entitled to a retirement benefit based on 20 years of service.

Actuarial Assumptions: Impairments were assumed to be 45% Class 1 (at 65% of salary), 10% Class 2 (at 50% of salary), and 45% Class 3 (at 36% of salary).

June 17, 2008 (I207)

SUMMARY OF MAJOR PLAN PROVISIONS. Continued
(1977 Fund and Old Plans. . .Converted Members)

Benefits for Surviving Spouse

If a member dies other than in the line of duty, the spouse's benefit is equal to 60% of the monthly benefit the member was receiving or was entitled to receive on the date of death.

If a member dies in the line of duty, the spouse's benefit is equal to the monthly benefit the member was receiving or was entitled to receive on the date of death.

In either case, if the member does not have 20 years of service or is not at least age 52 on the date of death, the benefit is computed as if the member does have 20 years of service and is age 52 on the date of death.

Actuarial Assumptions: Under the assumption that 90% of deaths are other than in the line of duty and 10% are in the line of duty, we have assumed a 64% continuation of the member's accrued benefit to the surviving spouse of a member who dies while an active employee. We have assumed that all deaths among retired and disabled members are other than in the line of duty. If marital status or spouse information was not available, then we assumed 90% of the members are married with the male spouse 3 years older than the female spouse.

Additional Death Benefits

A funeral death benefit is paid to the heirs or estate upon the member's death from any cause and is equal to at least \$9,000. An additional death benefit of \$150,000 is paid from the Pension Relief Fund to a surviving spouse, children, or parent or parents if death occurs during line of duty.

Actuarial Assumptions: The funeral death benefit was valued directly while the member is alive. The additional \$150,000 was not valued as it is funded by the Pension Relief Fund.

SUMMARY OF MAJOR PLAN PROVISIONS, Continued
(1977 Fund and Old Plans. . .Converted Members)

Benefits for Children

A payment shall be made to each child of a deceased member equal to 20% of the member's benefit until the later of (a) the date the child becomes age 18, or (b) the date the child becomes age 23 if enrolled in a qualified school. If a child is at least 18 and is mentally or physically incapacitated, the child is entitled to an amount equal to the greater of 30% of the monthly salary (with longevity pay) of a First Class Police Officer or Firefighter, or 55% of the member's benefit payable for the duration of the incapacity. If the member does not have 20 years of service or is not at least age 52 on the date of death, the benefit is computed as if the member does have 20 years of service and is age 52 on the date of death.

Actuarial Assumptions: These benefits were not directly valued for active members or for retired or disabled members. Benefits in payment status were valued directly and were assumed to cease at age 18 or, if date of birth was not available, 6 years from the valuation date.

Benefits for Dependent Parents

If a deceased member leaves no surviving spouse and no qualified child but does leave a dependent parent or parents, an amount equal to 50% of the member's benefit shall be paid to the parent or parents jointly during their lifetime. If the member does not have 20 years of service or is not at least age 52 on the date of death, the benefit is computed as if the member does have 20 years of service and is age 52 on the date of death.

Actuarial Assumptions: These benefits were not directly valued for active members or for retired or disabled members. Benefits in payment status were valued directly and were assumed to be payable for the lifetime of any parent.

Employment Termination Prior to
To 20 Years of Service

If a member ends employment other than by death or disability before completing 20 years of active service, the member shall be entitled to the member's contributions plus interest. This benefit is not available to converted members.

Actuarial Assumptions: Employee contributions were assumed to accumulate at the rate of 5.5% per year.

SUMMARY OF MAJOR PLAN PROVISIONS. Continued
(1977 Fund and Old Plans. . .Converted Members)

Post-Retirement Benefit Increases	Monthly benefits shall be increased or decreased proportionately based on the annual increase or decrease in the consumer price index. The increase or decrease shall be rounded to the nearest 0.1% and may not exceed 3% in any year. However, the monthly pension payable to a member or survivor may not be reduced below the amount of the first full monthly pension received by that person. <u>Actuarial Assumptions:</u> Benefits are assumed to increase annually at the rate of 2.75%.
Employee Contributions	Members are assumed to contribute at the rate of 6% of salary until they have completed 32 years of service.
Salary (with longevity pay) for First Class Police Officers and First Class Firefighters	As reported for Pension Relief.

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND
ACTUARIAL VALUATION
AS OF JULY 1, 2007

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

ACTUARIAL VALUATION

VALUATION DATE

July 1, 2007

VALUATION YEAR

July 1, 2007 - June 30, 2008

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STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND
Summary of Actuarial Valuation as of July 1, 2007

Introduction

As of the valuation date there were 206 active participants, 308 terminated participants with accrued creditable service and 20 pensioners. See the exhibit labeled Summary of Employee Data for more detail.

We have established the following contributions as of July 1, 2007:

Total Employer Annual Cost	\$ 1,040,281
Cost as Percentage of Anticipated Payroll	5.75%

Prior to smoothing, the Total Employer Annual Cost is composed of normal cost of \$1,459,002, an amortization payment of \$641,021, an interest adjustment of \$76,126 and less anticipated employee contributions of \$1,076,271. As of July 1, 2007, the Unfunded Actuarial Liability is \$8,236,995. A breakdown and a comparison with the results of the prior valuation is provided in the exhibit titled Contribution Breakdown and Comparison.

Prior to smoothing, the Total Employer Annual Cost for 2007, expressed as a percent of payroll, was 6.00% as compared to 5.4% for 2006.

Actuarial Methods and Assumptions

The Entry Age Normal Cost Method was continued for determining the cost of retirement benefits, death benefits, disability benefits, and termination benefits. Valuation assets are valued on a smoothed market value basis.

The actuarial assumptions used in this Valuation have been reviewed and continued from the prior Valuation. The actuarial assumptions are deemed to be representative of actual and anticipated experience under the plan.

A brief explanation of the methods and a complete summary of the assumptions used may be found in the exhibits titled Actuarial Methods and Actuarial Assumptions.

Valuation Data and Disclaimer

The valuation census data was provided by the Public Employees' Retirement Fund and transposed into a computer file for processing. Similar information has been furnished to us in the past, and the accuracy of this report depends on the accuracy of all data that has been furnished to us from time to time. Trust information was also furnished by the Public Employees' Retirement Fund. It is noted that we make no representation concerning the accuracy of any employee data or valuation information that has been furnished to us.

The Valuation has been prepared for the sole purpose of determining the contribution requirements for the respective plan year and for providing accounting data to meet the requirements of GASB. The figures in this Valuation should not be used as the basis for decisions regarding a possible plan termination, plan merger, business acquisition, or any other purpose for which it was not designed.

Summary of Trust Experience

Based on the market value, the entire asset portfolio had net investment income for the 2006-2007 plan year that resulted in an estimated yield of 17.9%. On an actuarial value basis, the portfolio had a yield of approximately 15.4%.

We will be pleased to furnish any additional information or answer any questions which may arise after your review of this report.

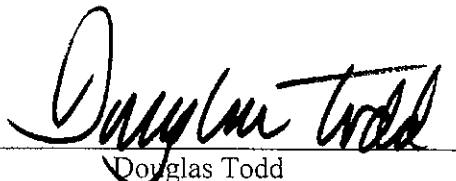
STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

ACTUARIAL CERTIFICATION

The information and valuation results shown in this report are, to the best of my knowledge, complete and accurate and are based upon:

1. Employee census data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
2. Financial data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions which were chosen by the PERF Board after consultation with the actuary.
4. Generally accepted actuarial principles and in accordance with standards of practice prescribed by the Actuarial Standards Board.
5. Actuarial methods as stated in the report and our interpretation of plan provisions as summarized in the report.

Prepared and Submitted by
McCready and Keene, Inc.



Douglas Todd
A.S.A., M.A.A.A., E.A.
Senior Actuary



Richard E. Lenar
F.S.A., M.A.A.A., E.A.
Chief Actuary

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

EMPLOYER CONTRIBUTION SMOOTHING

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Employer Annual Cost	N/A	1,040,281
Employer Annual Cost as Percent of Payroll	N/A	5.75%

Smoothing rules:

1. Any increase or decrease between the current year's true rate and the previous year's actual rate shall be limited to one-half the increase or decrease rounded up to the next 0.25% multiple.
2. After the smoothing described above, any decrease in the employer rate shall be equal to the excess, if any, of the decrease over 1%.

CONTRIBUTION BREAKDOWN AND COMPARISON

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Normal Cost	\$ 1,416,834	\$ 1,459,002
Plus: Amortizations	703,353	641,021
Plus: Interest Adjustment	76,857	76,126
Less: Employee Contributions	<u>1,153,498</u>	<u>1,076,271</u>
Equals: Total Employer Cost	\$ 1,043,546	\$ 1,099,878
Anticipated Payroll	\$ 19,224,964	\$ 18,091,848
Cost As % Of Payroll	5.4%	6.00%
Funded Status	68.7%	74.3%

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

DEVELOPMENT OF UNFUNDED ACTUARIAL LIABILITY

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Actuarial Accrued Liability		
- Actives	\$ 18,401,979	\$ 17,766,331
- Terminated Vested Participants	<u>8,529,518</u>	<u>11,093,360</u>
- Retired Participants	2,252,018	3,192,349
- Disabled Participants	-	-
- Beneficiaries	<u>-</u>	<u>-</u>
Subtotal -- Benefits in Force	<u>2,252,018</u>	<u>3,192,349</u>
Grand Total	\$ 29,183,515	\$ 32,052,040
Less: Valuation Assets	<u>20,053,164</u>	<u>23,815,045</u>
Equals: Actual Unfunded Liability	\$ 9,130,351	\$ 8,236,995
Unfunded Liability, Prior Year	\$ 8,868,746	\$ 9,130,351
Less: Amortizations, Prior Year	683,200	703,353
Plus: Interest for Full Year	593,452	610,957
Plus: Plan Changes	478,209	-
Plus: Actuarial Assumption Change	<u>(3,969,765)</u>	<u>-</u>
Equals: Expected Unfunded Liability	\$ 5,287,442	\$ 9,037,955
Asset Experience (Gain) or Loss	\$ (1,081,112)	\$ (1,666,826)
Liability Experience (Gain) or Loss	<u>4,924,021</u>	<u>865,866</u>
Total Experience (Gain) or Loss	\$ 3,842,909	\$ (800,960)

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Vested Benefits		
-Active Members	\$ 15,848,964	\$ 18,095,028
-Terminated Vested Participants	8,529,518	11,093,360
-Retired Participants	2,252,018	3,192,349
-Disabled Participants	-	-
-Beneficiaries	-	-
Subtotal – Benefits in Force	<u>2,252,018</u>	<u>3,192,349</u>
Total	\$ 26,630,500	\$ 32,380,737
Non vested Benefits	<u>1,022,486</u>	<u>439,046</u>
Total Actuarial PVAB	\$ 27,652,986	\$ 32,819,783
Pension Plan		
-Market Value	\$ 21,645,690	\$ 26,189,350
-Actuarial Value	20,053,164	\$ 23,815,045
Ratio of Assets to PVVB		
-Market Value	0.813	0.809
-Actuarial Value	0.753	0.735
Ratio of Assets to PVAB		
-Market Value	0.783	0.798
-Actuarial Value	0.725	0.726

June 17, 2008 (I409)

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

STATEMENT OF CHANGES IN THE PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Actuarial Present Value of Accumulated Plan Benefits, July 1, 2006	\$ 27,652,986
Plus: Increase Due to Additional Benefits Accumulated	1,410,096
Less: Benefits Paid	704,463
Plus: Increase Due to Decrease in the Discount Period (@ 7.25%)	2,079,409
Plus: Increase (Decrease) Due to Change in Plan Provisions	-
Plus: Increase (Decrease) Due to Change in Actuarial Assumptions	0
Plus: Actuarial Experience (Gain)/Loss and other Miscellaneous Items	<u>2,381,755</u>
Equals: Actuarial Present Value of Accumulated Plan Benefits, July 1, 2007	\$ 32,819,783

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND
SUMMARY OF EMPLOYEE DATA

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
NUMBER OF MEMBERS		
Active Members		
-Vested	121	129
-Non Vested	<u>97</u>	<u>77</u>
-Total Active Members	218	206
Non Active Members		
-Retired Participants	18	20
-Disabled Participants	-	-
-Beneficiaries of Deceased Participants	<u>-</u>	<u>-</u>
-Total Non Active Members	18	20
Grand Total Members	236	226
ANNUAL BENEFITS PAYABLE FROM TRUST		
Amount of Benefits		
-Retired Participants	\$ 249,302	\$ 338,137
-Disabled Participants	-	-
-Beneficiaries of Deceased Participants	<u>-</u>	<u>-</u>
-Total Recipients	\$ 249,302	\$ 338,137
Average Benefits		
-Retired Participants	\$ 13,850	\$ 16,907
-Disabled Participants	-	N/A
-Beneficiaries of Deceased Participants	-	N/A
-Total Recipients	13,850	16,907
TERMINATED PARTICIPANTS WITH ACCRUED CREDITABLE SERVICE		
-Vested	68	92
-Non Vested	<u>192</u>	<u>216</u>
-Total Active Members	260	308
Estimated Deferred Annual Benefits (Vested)	\$1,087,907	\$1,487,284
Estimated Average Deferred Annual Benefits (Vested)	\$ 15,999	\$ 16,166

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STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND
DEVELOPMENT OF VALUATION ASSETS

	<u>Market</u>
TRUST ASSETS, JULY 1, 2006	\$ 21,645,690
RECEIPTS	
Employer Contributions	190,000
Employee Contributions	1,133,233
Investment Earnings	4,267,079
Miscellaneous Income	-
Total	<u>\$ 5,590,312</u>
DISBURSEMENTS	
Retirement and Disability Benefits Paid	\$ 613,864
Disability Benefits	19,440
Death Benefits	-
Employee Contribution Refunds	71,159
Investment Expenses	319,072
Administrative Expenses	23,117
Miscellaneous Expense	-
Total	<u>\$ 1,046,652</u>
Ending Balance	\$ 26,189,350
TRUST ASSETS, JUNE 30, 2007	
Plus: 75% of 2006-2007 (Gain) Loss [75% of \$(2,333,147)]	\$ (1,749,860)
Plus: 50% of 2005-2006 (Gain) Loss [50% of \$(569,774)]	(284,887)
Plus: 25% of 2004-2005 (Gain) Loss [25% of \$(1,358,231)]	<u>(339,558)</u>
VALUATION ASSETS, JULY 1, 2007	\$ 23,815,045

June 17, 2008 (1409)

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27

Schedule of Funding Progress

Valuation Date	Valuation Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Anticipated Payroll	Unfunded Liability as % of Payroll
7/1/1998	7,143,592	11,356,293	4,212,701	62.90%	11,673,447	36.09%
7/1/1999	8,322,444	13,711,865	5,389,421	60.70%	12,566,426	42.89%
7/1/2000	9,780,842	13,942,524	4,161,682	70.15%	13,422,317	31.01%
7/1/2001	11,072,680	20,417,483	9,344,803	54.23%	13,635,674	68.53%
7/1/2002	11,957,364	22,385,803	10,428,439	53.41%	14,437,536	72.23%
7/1/2003	12,757,858	15,685,300	2,927,442	81.34%	13,158,536	22.25%
7/1/2004	14,654,699	22,588,463	7,933,764	64.88%	15,149,003	52.37%
7/1/2005	16,875,537	25,744,283	8,868,746	65.55%	16,659,214	53.24%
7/1/2006	20,053,164	29,183,515	9,130,351	68.71%	19,224,964	47.49%
7/1/2007	23,815,045	32,052,040	8,236,995	74.30%	18,091,848	45.53%

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STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND
REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27

Development of Net Pension Obligation (NPO)

Valuation Date	Plan Year	(1) Annual Required Contrib	(2) Interest on NPO @ 7.25%	(3) ARC Adjust (8) / (4)	(4) Amort. Factor	(5) Net Pens Cost (1)+(2)-(3)	(6) Actual Employer Contrib	(7) Change in NPO (5) - (6)	(8) NPO @ BOY	(9) NPO @ EOY (7) + (8)
7/1/97	7/1/97 - 6/30/98	275,266	\$ 9,766	\$10,377	12.9812	274,655	184,350	90,305	\$134,704	225,009
7/1/98	7/1/98 - 6/30/99	390,283	16,313	17,333	12.9812	389,263	184,350	204,913	225,009	429,922
7/1/99	7/1/99 - 6/30/00	425,553	31,169	33,119	12.9812	423,603	275,266	148,337	429,922	578,259
7/1/00	7/1/00 - 6/30/01	375,145	41,924	44,546	12.9812	372,523	275,266	97,257	578,259	675,516
7/1/01	7/1/01 - 6/30/02	906,543	48,975	52,038	12.9812	903,480	435,796	467,684	675,516	1,143,200
7/1/02	7/1/02 - 6/30/03	1,129,480	82,882	88,066	12.9812	1,124,296	446,040	678,256	1,143,200	1,821,456
7/1/03	7/1/03 - 6/30/04	144,243	132,056	140,315	12.9812	135,984	933,000	(797,016)	1,821,456	1,024,440
7/1/04	7/1/04 - 6/30/05	888,584	74,272	78,917	12.9812	883,939	961,000	(77,061)	1,024,440	947,379
7/1/05	7/1/05 - 6/30/06	951,757	68,685	78,272	12.1037	942,170	170,000	772,170	947,379	1,719,549
7/1/06	7/1/06 - 6/30/07	1,043,546	124,667	142,068	12.1037	1,026,145	190,000	836,145	1,719,549	2,555,694

June 17, 2008 (I409)

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

HISTORICAL PLAN EXPERIENCE

<u>Year Ending June 30</u>	<u>Estimated Annual Rate of Investment Return</u>	
	<u>Actuarial Basis</u>	<u>Market Basis</u>
2003	(1.2%)	4.5%
2004	3.1%	16.0%
2005	6.4%	9.4%
2006	14.4%	10.2%
2007	15.4%	17.9%

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

ACTUARIAL METHODS

ACTUARIAL COST METHOD

Entry Age Normal Cost

ASSET VALUATION METHOD

Smoothed Market Value

Entry Age Normal Cost

The normal cost is calculated separately for each active participant and is equal to the level percentage of payroll needed as an annual contribution from entry age to retirement age to fund projected benefits. The unfunded actuarial accrued liability on any valuation date is the accumulated value of such normal costs from entry age to the valuation date less the actuarial value of assets.

The effect of this valuation method is to spread all actuarial gains and losses, resulting from experience different from that anticipated in our assumptions, over a fixed period. The purpose of the method is to give a smooth progression of the costs from year to year and, at the same time, provide for an orderly funding of the initial liabilities.

Smoothed Market Value

This method determines the Valuation Assets to be equal to the Market Value of Assets as of the valuation date less a decreasing fraction ($\frac{3}{4}$, $\frac{1}{2}$, and $\frac{1}{4}$) of the difference between expected investment return and actual investment return for each of the preceding 4 years. This method was phased-in beginning July 1, 2006.

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

ACTUARIAL ASSUMPTIONS

Interest	7.25% (net of administrative expenses)
Future Salary Increases	4.00%
Mortality	<u>Healthy Lives</u> - 1994 Group Annuity Mortality Basic for males and females <u>Disabled Lives</u> - As published by the PBGC (Publication #501) for disabled participants receiving Social Security disability benefit payments
Disability	Based on PERF experience
Termination	Based on 2000-2005 Experience Study - 10% per year
Retirement	100% at the later of age 65 or completion of 8 years of creditable service.
Spouse's Benefit	90% of participants are assumed either to be married or to have a dependent beneficiary. Males are assumed to be 3 years older than their spouses.
Administrative Expense	Netted against investment earnings

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

SUMMARY OF MAJOR PLAN PROVISIONS

PARTICIPATION

All individuals serving as a prosecuting attorney or chief deputy prosecuting attorney in Indiana on or after January 1, 1990. Each participant shall make annual contributions to the fund equal to 6% of salary.

ELIGIBILITY FOR ANNUITY BENEFITS:

Normal Retirement	Age 65 with 8 years of creditable service
Early Retirement	Age 62 with 8 years of creditable service
Late Retirement	Subject to continued employment after normal retirement
Disability Retirement	5 years of creditable service and qualified for Social Security disability benefits or federal Civil Service disability benefits.
Termination	8 years of creditable service.
Death	Death while receiving benefits from this plan, after completing 8 years of creditable service, or after meeting the eligibility requirements for disability retirement.

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND
SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Normal Retirement

The normal retirement benefit is a monthly annuity payable for life with a 50% continuation (or \$7,000 annually, if greater) to a surviving spouse or surviving dependent children. The benefit is equal to a percentage of average monthly earning* in accordance with the following table:

<u>Years of Service</u>	<u>Percentage</u>
8	24%
9	27%
10	30%
11	33%
12	50%
13	51%
14	52%
15	53%
16	54%
17	55%
18	56%
19	57%
20	58%
21	59%
22 or more	60%

The benefit is reduced by the pension, if any, payable from PERF.

Early Retirement

The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by .25% for each month that the benefit commencement date precedes the normal retirement date. The benefit is reduced by the pension, if any, payable from PERF.

*Average monthly earnings is the monthly average of the highest annual salary attributable to service as a prosecuting attorney or chief deputy at the time of separation from service. Amounts paid to a participant by a county or counties are not included.

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND
SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Late Retirement

The late retirement benefit is calculated in the same manner as the normal retirement benefit. The benefit is reduced by the pension, if any, payable from PERF.

Disability Retirement

The disability retirement benefit is payable for the duration of the disability commencing the month following disability date without reduction for early commencement. The amount of monthly benefit shall be equal to a percentage of average monthly earnings in accordance with the following table:

<u>Years of Service</u>	<u>Percentage</u>
Less than 5	0%
5-10	40%
11	41%
12	42%
13	43%
14	44%
15	45%
16	46%
17	47%
18	48%
19	49%
20 or more	50%

The benefit is reduced by the pension, if any, payable from PERF.

STATE OF INDIANA
PROSECUTING ATTORNEYS RETIREMENT FUND

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Termination

The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit. The benefit is reduced by the pension, if any, payable from PERF.

Death

The spouse or family of dependent children is entitled to receive 50% of the monthly life annuity the participant was receiving or was entitled to receive (or \$7,000 annually, if greater) under the assumption that the participant retired on the later of age 62 or the day before the date of death. The benefit is reduced by the pension, if any, payable from PERF.

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN
ACTUARIAL VALUATION
AS OF JULY 1, 2007

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

ACTUARIAL VALUATION

VALUATION DATE

July 1, 2007

VALUATION YEAR

July 1, 2007- June 30, 2008

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STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

Summary of Actuarial Valuation as of July 1, 2007

Introduction

As of the valuation date there were 43 eligible active participants, 45 pensioners and 27 terminated participants entitled to future benefits. See the exhibit labeled Summary of Employee Data for more detail.

We have established the following contributions as of July 1, 2007:

Total Employer Annual Cost	\$ 66,023
Total Annual Cost Per Participant	\$ 574

This report reflects the plan provisions in effect on July 1, 2007. Refer to the exhibit titled Summary of Plan Provisions for a brief description of the revised plan provisions.

The Total Annual Cost is composed of an amortization payment of \$13,938, a provision for expenses of \$49,775, and an interest adjustment of \$2,310. As of July 1, 2007, the Unfunded Actuarial Liability is \$134,030. A breakdown and a comparison with the results of the prior valuation is provided in the exhibit titled Contribution Breakdown and Comparison.

The Total Annual Cost for 2007, expressed per participant, was \$574 as compared to \$1,044 for 2006. The Fund had experience gains from investments yielding more than the assumed 7.25% (actual yield, on an actuarial value basis, for the 2006 plan year was estimated to be 16.2%). In terms of actual dollars, Total Annual Cost decreased by \$53,983, from \$120,066 for the 2006 plan year to \$66,023 for the 2007 plan year. This increase was due primarily to the net gains described earlier.

Actuarial Methods and Assumptions

The Accrued Benefit Unit Credit Cost Method was continued for determining the cost of retirement benefits, death benefits, disability benefits, and termination benefits. Valuation assets are valued on a smoothed market value basis.

The actuarial assumptions used in this Valuation have been reviewed and continued from the prior Valuation.

A brief explanation of the methods and a complete summary of the assumptions used may be found in the exhibits titled Actuarial Methods and Actuarial Assumptions.

Valuation Data and Disclaimer

The valuation census data was provided by the Public Employees' Retirement Fund and transposed into a computer file for processing. Similar information has been furnished to us in the past, and the accuracy of this report depends on the accuracy of all data that has been furnished to us from time to time. Trust information was also furnished by the Public Employees' Retirement Fund. It is noted that we make no representation concerning the accuracy of any employee data or valuation information that has been furnished to us.

The Valuation has been prepared for the sole purpose of determining the contribution requirements for the respective plan year and for providing accounting data to meet the requirements of GASB. The figures in this Valuation should not be used as the basis for decisions regarding a possible plan termination, plan merger, business acquisition, or any other purpose for which it was not designed.

Summary of Trust Experience

Based on the market value, the entire asset portfolio had net investment income for the 2006-07 plan year that resulted in an estimated yield of 16.1%. On an actuarial value basis, the portfolio had an estimated yield of about 16.2%.

We will be pleased to furnish any additional information or answer any questions which may arise after your review of this report.

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

ACTUARIAL CERTIFICATION

The information and valuation results shown in this report are, to the best of my knowledge, complete and accurate and are based upon:

1. Employee census data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
2. Financial data as of July 1, 2007 submitted by the Director of the Public Employees' Retirement Fund. Although we did not audit this data, it appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions which were chosen by the PERF Board after consultation with the actuary.
4. Generally accepted actuarial principles and in accordance with standards of practice prescribed by the Actuarial Standards Board.
5. Actuarial methods as stated in the report and our interpretation of plan provisions as summarized in the report.

Prepared and Submitted by
McCready and Keene, Inc.



Douglas Todd
A.S.A., M.A.A.A., E.A.
Senior Actuary



Richard E. Lenar
F.S.A., M.A.A.A., E.A.
Chief Actuary

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

CONTRIBUTION BREAKDOWN AND COMPARISON

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Normal Cost	\$ -	\$ -
Plus: Amortizations	51,265	13,938
Plus: Provision for Expenses	64,543	49,775
Plus: Interest Adjustment	<u>4,198</u>	<u>2,310</u>
Equals: Total Employer Cost	\$ 120,006	\$ 66,023
Total Annual Cost per Participant	1,044	574
Funded Status	90.2%	97.4%

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

DEVELOPMENT OF UNFUNDED ACTUARIAL LIABILITY

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Actuarial Accrued Liability		
- Active Participants	\$ 1,897,401	\$ 1,694,980
- Terminated Vested Participants	1,064,861	1,041,750
- Retired Participants	2,082,992	2,193,635
- Disabled Participants	-	-
- Beneficiaries	<u>186,859</u>	<u>238,787</u>
Subtotal - Benefits in Force	\$ <u>2,269,851</u>	\$ <u>2,432,422</u>
Grand Total	\$ 5,232,113	\$ 5,169,152
Less: Valuation Assets	<u>4,721,217</u>	<u>5,035,122</u>
Equals: Actual Unfunded Liability	\$ 510,896	\$ 134,030
Unfunded Liability, Prior Year	\$ 660,660	\$ 510,896
Less: Amortizations, Prior Year	64,191	51,265
Plus: Interest for Full Year	43,244	33,323
Plus: Plan Changes	-	-
Plus: Actuarial Assumption Change	<u>183,240</u>	<u>-</u>
Equals: Expected Unfunded Liability	\$ 822,953	\$ 492,954
Asset Experience (Gain) or Loss	\$ (303,576)	\$ (402,634)
Liability Experience (Gain) or Loss	<u>(8,481)</u>	<u>43,710</u>
Total Experience (Gain) or Loss	\$ (312,057)	\$ (358,924)

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
Vested Benefits		
-Active Participants	\$ 1,882,004	\$ 1,664,608
-Terminated Vested Participants	1,064,861	1,041,750
-Retired Participants	2,082,992	2,193,635
-Disabled Participants	-	-
-Beneficiaries	186,859	238,787
Subtotal – Benefits in Force	<u>\$ 2,269,851</u>	<u>\$ 2,432,422</u>
Grand Total	\$ 5,216,716	\$ 5,138,780
Non Vested Benefits	15,397	30,372
Total Actuarial Present Value of Accumulated Plan Benefits	<u>\$ 5,232,113</u>	<u>\$ 5,169,152</u>
Pension Plan Assets		
-Market Value	\$ 5,121,426	\$ 5,498,580
-Actuarial Value	\$ 4,721,217	\$ 5,035,122
Ratio of Assets to Present Value of Vested Accumulated Plan Benefits		
-Market Value	0.982	1.070
-Actuarial Value	0.905	0.980
Ratio of Assets to Present Value of Accumulated Plan Benefits		
-Market Value	0.979	1.064
-Actuarial Value	0.902	0.974

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

STATEMENT OF CHANGES IN THE PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Actuarial Present Value of Accumulated Plan Benefits, July 1, 2006	\$ 5,232,113
Plus: Increase Due to Additional Benefits Accumulated	-
Less: Benefits Paid	333,364
Plus: Increase Due to Decrease in the Discount Period (@ 7.25%)	366,237
Plus: Increase (Decrease) Due to Change in Plan Provisions	-
Plus: Increase (Decrease) Due to Change in Actuarial Assumptions	-
Plus: Actuarial Experience (Gain)/Loss and other Miscellaneous Items	<u>(95,834)</u>
Equals: Actuarial Present Value of Accumulated Plan Benefits, July 1, 2007	\$ 5,169,152

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

SUMMARY OF EMPLOYEE DATA

	<u>July 1, 2006</u>	<u>July 1, 2007</u>
NUMBER OF MEMBERS		
Active Members		
-Vested	46	43
-Non Vested	-	-
-Total Active Members	<u>46</u>	<u>43</u>
Non Active Members		
-Retired Participants	32	35
-Disabled Participants	-	-
-Beneficiaries of Deceased Participants	7	10
-Terminated Vested Participants	<u>30</u>	<u>27</u>
-Total Non Active Members	<u>69</u>	<u>72</u>
Grand Total Members	115	115
ANNUAL BENEFITS PAYABLE FROM TRUST		
Amount of Benefits		
-Retired Participants	\$ 238,460	\$ 254,591
-Disabled Participants	-	-
-Beneficiaries of Deceased Participants	<u>21,195</u>	<u>28,856</u>
-Total Recipients	\$ 259,655	\$ 283,447
Average Benefits		
-Retired Participants	\$ 7,452	\$ 7,274
-Disabled Participants	-	-
-Beneficiaries of Deceased Participants	3,028	2,886
-Total Recipients	6,658	6,299
TERMINATED VESTED PARTICIPANTS ENTITLED TO FUTURE BENEFITS		
Estimated Deferred Annual Benefits (Vested)	\$ 131,040	\$ 121,920
Estimated Average Deferred Annual Benefits (Vested)	\$ 4,368	\$ 4,516

June 17, 2008 (I410)

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

DEVELOPMENT OF VALUATION ASSETS

	<u>Market</u>
TRUST ASSETS, JULY 1, 2006	\$ 5,121,426
RECEIPTS	
Employer Contributions	\$ 100,000
Employee Contributions	-
Investment Earnings	959,325
Miscellaneous Income	-
Total	<u>\$ 1,059,325</u>
DISBURSEMENTS	
Retirement and Disability Benefits Paid	\$ 330,294
Disability Benefits	3,070
Death Benefits Paid	-
Investment Expense	166,232
Administrative Expenses	49,775
Miscellaneous Expense	<u>132,800</u>
Total	<u>\$ 682,171</u>
Ending Balance	\$ 5,498,580
TRUST ASSETS, JUNE 30, 2007	
Plus: 75% of 2006-2007 (Gain) or Loss [75% of \$(436,867)]	\$ (327,650)
Plus: 50% of 2005-2006 (Gain) or Loss [50% of \$(90,163)]	(45,082)
Plus: 25% of 2004-2005 (Gain) or Loss [25% of \$(362,904)]	<u>(90,726)</u>
VALUATION ASSETS, JULY 1, 2007	\$ 5,035,122
June 17, 2008 (I410)	

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN
REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27

Schedule of Funding Progress

Valuation Date	Valuation Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Number of Active Participants*	Unfunded Liability per Covered Participant*
7/1/1998	4,041,451	5,385,180	1,343,729	75.05%	64	20,996
7/1/1999	4,318,514	5,473,187	1,154,673	78.90%	60	19,245
7/1/2000	4,556,877	5,453,247	896,370	83.56%	60	14,940
7/1/2001	4,665,517	5,508,146	842,629	84.70%	58	14,528
7/1/2002	4,446,211	5,503,049	1,056,838	80.80%	58	18,221
7/1/2003	4,199,696	4,947,897	748,201	84.88%	55	13,604
7/1/2004	4,205,956	4,856,463	650,507	86.61%	50	13,010
7/1/2005	4,338,672	4,999,332	660,660	86.79%	48	13,764
7/1/2006	4,721,217	5,232,113	510,896	90.24%	46	11,106
7/1/2007	5,035,122	5,169,152	134,030	97.41%	43	3,117

*Since the benefit formula is primarily determined based on service rather than compensation, the unfunded liability is expressed per active participant rather than as a percentage of compensation.

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN
REQUIRED PENSION DISCLOSURE UNDER GASB #25 AND #27
Development of Net Pension Obligation (NPO)

Valuation Date	Plan Year	(1) Annual Required Contrib	(2) Interest on NPO @ 7.25%	(3) ARC Adjust (8) / (4)	(4) Amort. Factor	(5) Net Pens Cost (1)+(2)-(3)	(6) Actual Employer Contrib	(7) Change in NPO (5) - (6)	(8) NPO @ BOY	(9) NPO @ EOY (7) + (8)
7/1/97	7/1/97 - 6/30/98	170,169	\$(1,194)	\$(1,347)	12.2220	170,322	200,600	(30,278)	\$(16,468)	(46,746)
7/1/98	7/1/98 - 6/30/99	208,369	(3,389)	(3,884)	12.0355	208,864	200,600	8,264	(46,746)	(38,482)
7/1/99	7/1/99 - 6/30/00	186,663	(2,790)	(3,251)	11.8356	187,124	170,144	16,980	(38,482)	(21,502)
7/1/00	7/1/00 - 6/30/01	177,559	(1,559)	(1,850)	11.6212	177,817	170,144	7,706	(21,502)	(13,796)
7/1/01	7/1/01 - 6/30/02	205,540	(1,000)	(1,211)	11.3912	205,751	186,638	19,113	(13,796)	5,317
7/1/02	7/1/02 - 6/30/03	233,737	385	477	11.1446	233,645	186,713	46,932	5,317	52,249
7/1/03	7/1/03 - 6/30/04	95,387	3,788	4,802	10.8801	94,373	205,540	(111,167)	52,249	(58,918)
7/1/04	7/1/04 - 6/30/05	88,960	(4,272)	(5,560)	10.5964	90,248	205,540	(115,292)	(58,918)	(174,210)
7/1/05	7/1/05 - 6/30/06	90,799	(12,630)	(18,154)	9.5964	96,323	100,000	(3,677)	(174,210)	(177,887)
7/1/06	7/1/06 - 6/30/07	120,006	(12,897)	(18,537)	9.5964	125,646	100,000	25,646	(177,887)	(152,241)

June 17, 2008 (I410)

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

HISTORICAL PLAN EXPERIENCE

<u>Year Ending June 30</u>	<u>Estimated Annual Rate of Investment Return</u>	
	<u>Actuarial Basis</u>	<u>Market Basis</u>
2000	8.8%	5.9%
2001	6.4%	(2.1%)
2002	(0.9%)	(8.3%)
2003	(2.4%)	3.3%
2004	2.1%	15.9%
2005	5.6%	8.5%
2006	15.5%	9.1%
2007	16.2%	16.1%

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

ACTUARIAL METHODS

ACTUARIAL COST METHOD

Accrued Benefit
(Unit Credit)

ASSET VALUATION METHOD

Smoothed Market Value

Unit Credit

The accrued liability is equal to the sum of the individual accrued liabilities for all participants. The individual's accrued liability is the present value of the benefit accrued in prior plan years. Normal cost is the present value of benefits accruing in the plan year.

Smoothed Market Value

This method determines the Valuation Assets to be equal to the Market Value of Assets as of the valuation date less a decreasing fraction (3/4, 1/2, and 1/4) of the difference between expected investment return and actual investment return for each of the preceding 4 years. This method was phased-in beginning July 1, 2006.

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

ACTUARIAL ASSUMPTIONS

Interest	7.25%
Future Salary Increases	3.00%
Cost-of-Living Adjustment	1.5% compounded annually for the lifetime of benefit recipients (Changed from 1.0 %)
Mortality	<u>Healthy Lives</u> 1994 Group Annuity Mortality Basic for males and females <u>Disabled Lives</u> According to Revenue Ruling 96-7 for males and females
Disability	75% of 1964 OASDI Tables
Termination	Sarason T-2 Table
Retirement	Based on experience of current retirees
Spouse's Benefit	90% of participants are assumed either to be married or to have a dependent beneficiary. Males are assumed to be 3 years older than their spouses.
Administrative Expense	Replacement basis.

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

SUMMARY OF MAJOR PLAN PROVISIONS

PARTICIPATION

All members of the Indiana General Assembly who (1) were serving on April 30, 1989, and (2) filed an election to participant in this plan under IC 2-3.5-3-1(b).

ELIGIBILITY FOR ANNUITY BENEFITS:

Normal Retirement	Age 65 with 10 years of creditable service
Early Retirement	Age 55 with 10 years of creditable service
Special Early Retirement	Earlier of (1) Rule of 85 provided member is at least age 55 and has at least 10 years of service as a member of the general assembly; or (2) age 60 with 15 years of service as a member of the general assembly. In addition, the member must have terminated service as a member of the general assembly and may not be receiving nor entitled to receive compensation for services from the state
Late Retirement	Subject to continued employment after normal retirement
Disability Retirement	5 years of creditable service and qualified for Social Security disability benefits or federal Civil Service disability benefits.
Termination	10 years of creditable service.
Pre-Retirement Death	Death while receiving benefits from this plan, after completing 10 years of creditable service, or after meeting the eligibility requirements for disability retirement.

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Normal Retirement	The normal retirement benefit is a monthly annuity payable for life with a 50% continuation to a surviving spouse or surviving children and is equal to the lesser of (1) \$40 times years of creditable service completed before November 8, 1989, or (2) 100% of average monthly earnings*.
Early Retirement	The early retirement benefit is the accrued retirement benefit determined as of the early retirement date and payable commencing at the normal retirement date. A participant may elect to have the benefit commence prior to normal retirement provided the benefit is reduced by 1/10% for each of the first 60 months and by 5/12% for each of the next 60 months that the benefit commencement date precedes the normal retirement date.
Special Early Retirement	The special early retirement benefit is computed in the same manner as the early retirement benefit but without reduction if the benefit commences prior to normal retirement date.
Late Retirement	The late retirement benefit is calculated in the same manner as the normal retirement benefit.
Disability Retirement	The disability retirement benefit is the accrued retirement benefit determined as of the disability date and payable commencing the month following disability date without reduction for early commencement.

* Average monthly earnings is the monthly average of earnings, including business per diem and subsistence allowances, attributable to service as a legislator during the 3 years that produce the highest such average.

STATE OF INDIANA
LEGISLATORS' DEFINED BENEFIT PLAN

SUMMARY OF MAJOR PLAN PROVISIONS, Continued

AMOUNT OF BENEFITS:

Termination

The termination benefit is the accrued retirement benefit determined as of the termination date and payable commencing as of the normal retirement date. The participant may elect to receive a reduced early retirement benefit.

Pre-Retirement Death

The spouse or family of dependent children is entitled to receive 50% of the monthly life annuity the participant was receiving or was entitled to receive under the assumption that the participant retired on the later of age 55 or the day before the date of death.

Cost-of-Living

Benefits in pay status shall be increased annually in the same manner as IC 5-10.2-5.